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PUBLIC RETIREMENT SYSTEMS

Summaries of Public Retirement Plans Covering Colleges and Universities—1985

Educational Research Unit
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Introduction

This publication summarizes certain retirement plan provisions of 64 public retirement systems whose membership includes one or more categories of employees of publicly supported colleges and universities. The provisions summarized are only those that directly apply to employees in higher education. While most classes of employees in a state system, including those in higher education, are covered by the same retirement provisions, there are usually a few classes of employees within each system with separate provisions, e.g., public safety employees, judges, and elected officials. Provisions affecting these special classes of employees have been omitted from the plan descriptions.

The plans are usually designated as "public employee," "state employee," or "state teacher" systems. In some states one system covers all employees (with special provisions for designated classes of employees), while in other states there is a retirement system specifically for teachers with other public employees covered under a separate system.

The retirement plan provisions described cover eligibility, contributions, Social Security participation, availability of tax-deferred annuities as permitted under Sections 403(b) and 415 of the Internal Revenue Code, benefit formulas, cost-of-living adjustment, retirement age, vesting, and death and disability benefits. The provisions of the public retirement systems described are those applicable to an employee newly hired in 1985 who has never before been a member of a state's retirement system. Over varying periods of time, many public retirement systems have built up several layers of provisions that are applicable only to employees with some years of service or to current retirees. Such provisions include benefit formulas applicable only to employees hired before a certain date, prior service credit from previous periods of employment with the same system or in other systems, and differing contribution allocations for funding of accrued liabilities. These types of provisions have not been included in this publication.

Plan administrators and college and university officers responsible for retirement planning frequently ask TIAA to provide up-to-date information about the public retirement systems covering faculty and other employees in higher education. Comparative information of this type has been found useful in connection with reviews of plan provisions, or when TIAA-CREF is being considered as an optional retirement plan for employees in public colleges and universities. Up to 1970, TIAA periodically compiled summaries of public retirement systems in conjunction with its national surveys of benefit plans. In 1976, TIAA published its first separate summary of public retirement systems covering colleges and universities. The 1985 edition is the fifth publication of a biennial series describing the retirement systems as they continue to be affected by numerous legislative changes.

The information in this publication is divided into two parts. Part I presents tables and discussion providing an overview of the principal provisions in effect in the 64 public retirement systems. Part II contains individual descriptions summarizing the current provisions for each retirement system. In Part II, the abbreviation "EE" refers to employee and "ER" to employer.

Part I

Overview of Provisions

THE FORMULA BENEFIT

In defined benefit plans, the retirement benefit is calculated by means of a formula which incorporates (1) a specified percentage factor or factors, (2) a final average of salary over a stated period of time, usually encompassing the years of highest earnings, and (3) the years of credited service. These three items are multiplied together at the time of the employee's retirement, e.g., 2.0 percent of the highest three years' average salary times years of service.

The dollar amount derived from the formula is the single life annuity payable to the retiring staff member. No plan surveyed provides for a lump sum distribution upon retirement in lieu of the payment of lifetime benefits. Income options, which provide continuing lifetime benefits to a survivor, may be selected instead of the single life annuity. Conversion tables provided by the retirement system give information on the various options and the income amounts provided. If retirement takes place before the normal retirement age at which the full formula benefit applies, the formula amount is reduced by either an actuarial reduction or a specified percentage to reflect the longer lifetime, on the average, over which the payments will be made.

Salary Factor. The salary factor in the formula relates the defined benefit to the employee's earnings during working years. The number of years to be included is usually limited to a specified "highest number of years," such as the "highest three consecutive," the "highest three out of the last ten," or the "highest three consecutive out of the last ten." In general, the fewer the years of service included in the averaging period, the higher will be the dollar amount. Also, the highest earnings period will generally coincide with the final years of employment.

The prescribed salary-averaging periods in the 64 public employee systems covering employees in higher education range between two and five years as shown in Table 1. The most frequently stated periods are three years (40 systems) and five years (20 systems). The remaining systems use either four years (three systems) or two years (one system).

Most of the systems using three years (23 out of 40) simply specify the highest three years without restriction, while 14 systems add a requirement that the three years be consecutive. Among the 20 systems with five years, 12 permit any five highest, while six specify the five highest be consecutive. One system each specifies the highest five consecutive out of the last ten years and the highest five out of the last 15.

The salary averaging periods in the defined benefit public retirement systems have been reduced over the last 17 years. In 1968* a majority of 47 of the 67 defined benefit public systems surveyed stated a highest five-year period. Five systems stated a career-average salary, ten stated a highest three-year period, and five a highest ten-year period.

TABLE 1
SALARY AVERAGING PERIODS IN DEFINED BENEFIT PLANS

Salary Averaging Period in Benefit Formula[1]		*Number of Systems*
Highest 2 Consecutive Years		1
Highest 3 Years		40
Highest 3 consecutive	14[2]	
Highest 3	23	
Highest 3 out of last 10	2	
Highest 3 consecutive out of last 10	1	
Highest 4 Consecutive Years		3
Highest 5 Years		20
Highest 5 consecutive	6	
Highest 5	12[3]	
Highest 5 consecutive out of last 10	1	
Highest 5 out of last 15	1	
TOTAL SYSTEMS		64

[1] Includes two plans in which part of the benefit is based on a defined contribution approach and four plans in which a defined benefit is an alternative to a defined contribution option.
[2] In one plan, $133.33 Social Security coordination amount is deducted.
[3] In four plans, salary in any one year may not exceed average of previous two years by more than 10%. In one plan, years need not be continuous but must consist of consecutive periods of service.
[4] In one plan, average salary may not exceed $25,000.

Formula Percentage Factor. The percentage factor of a defined benefit formula that is applied to final average salary may be stated either as a single level percentage or in a step-rate approach. Of the 64 systems, 47 define their benefits by use of a single percentage of final average salary, 15 use two or more percentage factors under a step-rate approach, and two use a single percentage to provide a portion of the benefit, the balance of which is a defined contribution annuity purchased by employee contributions. Table 2 shows the formula percentages used by the 64 systems described in this study.

Of the 47 public systems that base the entire benefit on a single percentage, the percentage factors range from 1 to 2.5 percent. The most frequently stated factor is 2.0 percent (21 systems). Six systems state a percentage above 2.0 percent. Eleven systems use a percentage in the range of 1.60 to 1.67 percent; four systems use a percentage ranging between 1.50 and 1.59 percent; three between 1.30 and 1.40 percent; and two systems between 1.10 and 1.25 percent.

Four of the 15 systems using a step-rate approach apply separate percentages to successive levels of salary. One of these uses as the dividing point the former OASDHI earnings base of $4,800 (the base for 1959 through 1965), and two specify an amount equal to the Social Security Integration Level. (In general, the Social Security Integration Level is the average of Social Security wage bases between

*1968 figures refer to the survey of retirement plans reported in Greenough and King, *Retirement and Insurance Plans in American Colleges* (Columbia University Press, 1969). This survey included a total of 72 systems, 67 of these were defined benefit plans and five were defined contribution plans.

TABLE 2
FORMULA PERCENTAGE FACTORS IN DEFINED BENEFIT PLANS

Entire Benefit Based on Defined Benefit Calculation		*Number of Systems*
Single Percentage of Final Average Salary		47
2.50%	3[a]	
2.20%	1[b]	
2.10%	1	
2.01%	1	
2.00%	21[c]	
1.65-1.67%	7	
1.60%	4[d]	
1.50-1.59%	4[e]	
1.30-1.40%	3	
1.25%	1	
1.10%	1[f]	
Two Percentage Factors Applied to Steps of Final Average Salary		4
1.50% × salary + 0.25% × salary in excess of SSIL:	1[g]	
1.33% × salary up to breakpoint + 0.5% x salary above breakpoint:	1[h]	
1.25% × 1st $4,800 + 1.65% × balance:	1	
0.80% × salary up to SSIL + 1.50% × balance:	1	
Two or More Percentage Factors Applied to Successive Periods of Service		11
Two 5-Year Periods, Followed by Subsequent Service		
1.50%, 1.75%, 2.00%:	1[i]	
Successive 10-Year Periods		
1.70%, 1.90%, 2.40%,:	1	
1.67%, 1.90%, 2.10%, 2.30%:	1[j]	
First 10 Years, Followed by Subsequent Service		
1.00%, 1.50%:	2	
Two 20 Years, Followed by Subsequent Service		
2.50%, 1.00%:	1	
First 20 Years, Subsequent 10 Years, Followed by Subsequent Service		
1.62%, 1.75%, 2.00%:	1	
First 30 Years, Followed by Subsequent Service		
2.00%, 1.50%:	4[k]	
Benefit Composed of Defined (EE) Contribution Annuity Plus Defined Benefit Pension		2
Single Percentage of Final Average Salary		
1.10%:	2	
TOTAL SYSTEMS		64

[a]One plan provides an additional annual benefit of $300.
[b]Benefit is offset by 50% of Social Security Primary Insurance Amount.
[c]Two plans provide $25.00 a month for each year of credited service if a greater benefit results. In one plan, benefit is increased on a pro rata basis for years of service over 30. One plan provides an additional annual benefit of $300, in one plan a defined contribution is an alternative, and in one plan final average salary cannot exceed $25,000.
[d]In one plan the percentage factor is increased for years served after normal retirement age, and in one plan a defined contribution annuity is an alternative.
[e]One plan provides an alternative benefit formula of 1.65% times final average salary minus $1,200 if final salary is greater than $13,200.
[f]An alternative formula percentage of 2.00% if benefit derived less Social Security benefit is greater.
[g]SSIL — Social Security Integration Level — in general is the average of Social Security wage bases between 1959 and the retirement year. SSIL for 1985 is $13,800.
[h]Breakpoint for 1985 is $12,700; for 1986, $13,500; for 1987, $14,300.
[i]Plan provides alternative benefit formula of 1.00% plus $25 times years of service if a greater benefit results.
[j]A defined contribution annuity is an alternative.
[k]Plans have an alternate formula percentage of 1.66% for EEs with less than 25 years of service.

1959 and the retirement year, the SSIL for 1985 is $13,800.) The fourth system uses a breakpoint established by the system; the breakpoint for 1985 is $12,700.

The remaining 11 systems stating more than one percentage factor in the formula apply the individual percentages to different segments of service, rather than to different levels of salary. The percentage factors may be applied to successive periods of service or to a specified period followed by all subsequent service; for example, a plan combining the two methods applies 1.5 and 1.75 percent to the first two five-year periods with 2 percent applied to all subsequent service. Applying different percentage factors to subsequent periods of service may be used as a means of encouraging or discouraging continued service. Six of the 11 plans specify percentages that increase as service increases. Four plans impose a lower percentage for service over 30 years, and one plan a lower percentage for service over 20 years.

The two systems that provide a formula benefit plus a defined contribution annuity (based on the accumulated employee contributions at retirement) state a percentage factor for the formula of 1.1 percent.

Formula Benefit Amount. As described above, the retirement benefit amount is based on a calculation incorporating the formula percentage factor, final average salary, and the number of years of service. Table 3 displays the dollar amount produced under each system's formula for an employee with 30 years of service and a final year's salary of either $15,000 or $30,000. For each system, the formula shown is that applicable to a new entrant; prior benefit formulas limited to employees with previous years of service are not included. Final average salary is computed using the number of years specified by each system and an assumed salary increase rate of 5 percent per year over the averaging period.

In comparing benefit dollar amounts among the systems, several factors must be considered. Employees who also participate in social security will have an additional source of retirement income. A few systems that provide comparatively higher annual benefits are in fact compensating for the absence of social security coverage. However, in a few systems with social security participation, the formula benefit amount is reduced in order to coordinate with the social security benefit. In these systems, generally, the formula benefit is offset by a specified percentage of the employee's Primary Insurance Amount. Two of the systems with a relatively low benefit amount provide a defined contribution benefit in addition to the defined benefit formula amount; the defined contribution benefit is based on accumulated employee contributions of 3 percent of annual salary plus interest.

As the figures in the table indicate, the number of years

TABLE 3
BENEFIT AMOUNT AT AGE 65
WITH $15,000/$30,000 FINAL YEAR'S SALARY
AND 30 YEARS OF SERVICE[a]

Name of System	BENEFIT AMOUNT Final Year's Salary of $15,000 Annual	$1,250 Monthly	$30,000 Annual	$2,500 Monthly	Formula Percentage	Av. Pd. Years	Social Security Coverage	Footnote
Alabama Teachers' Retirement System	$8,632	$719	$17,264	$1,439	2.0125%	3	Yes	
Alaska Public Employees' Retirement System	$8,578	$715	$17,156	$1,430	2.0%	3	Yes	
Alaska Teachers' Retirement System	$8,578	$715	$17,156	$1,430	2.0%	3	Yes	
Arizona State Retirement System	$8,183	$682	$16,365	$1,363	2.0%	5	Yes	
Arkansas Teachers' Retirement System	$6,505	$542	$13,010	$1,084	1.59%	5	Yes	
California Public Employees' Retirement System	$9,210	$768	$19,581	$1,632	2.418%	3	Yes	Final average salary reduced by $1,596 to coordinate with Social Security
California State Teachers' Retirement System	$8,578	$715	$17,156	$1,430	2.0%	3	No	
University of California Retirement System	$9,436	$786	$18,872	$1,573	2.2%	3	Yes	Benefit offset at age 65 by up to a maximum of 50% of Social Security PIA. Effective reduction not shown in table.

TABLE 3 (Continued)
BENEFIT AMOUNT AT AGE 65
WITH $15,000/$30,000 FINAL YEAR'S SALARY
AND 30 YEARS OF SERVICE[a]

Name of System	BENEFIT AMOUNT Final Year's Salary of $15,000 Annual	$1,250 Monthly	$30,000 Annual	$2,500 Monthly	Formula Percentage	Av. Pd Years[b]	Social Security Coverage	Footnote
Colorado Public Employees' Retirement Association	$8,578	$715	$17,156	$1,430	2.5% for 1st 20 years; 1.0% for 2nd 20 yrs	3	No	
Connecticut State Employees' Retirement System	$6,172	$514	$14,106	$1,176	1.33% of final average salary plus 0.5% above $11,300	3	Yes	
Connecticut Teachers' Retirement System	$8,578	$715	$17,156	$1,430	2.0%	3	No	
Delaware State Employees' Pension Plan	$6,792	$566	$13,583	$1,132	1.66%	5	Yes	
Florida Retirement System	$6,874	$573	$13,747	$1,146	1.68%	5	Yes	
Georgia Teachers' Retirement System	$8,786	$732	$17,571	$1,464	2.0%	2	Yes	
Hawaii State Employees' Retirement System	$5,356	$446	$10,723	$894	1.25%	3	Yes	
Idaho Public Employees' Retirement System	$6,792	$566	$13,583	$1,132	1.66%	5	Yes	
Illinois State Universities Retirement System	$7,917	$660	$15,833	$1,319	1.67% for 1st 10 yrs.; 1.9% for 2nd 10 yrs; 2.1% for 3rd 10 yrs.	4	No	
Indiana Public Employees' Retirement Fund	$4,501	$375	$9,001	$750	1.1%	5	Yes	Plus money purchase annuity based on EE contributions
Indiana State Teachers' Retirement Fund	$4,501	$375	$9,001	$750	1.1%	5	Yes	Plus money purchase annuity based on EE contributions
Iowa Public Employees' Retirement System	$6,832	$569	$13,665	$1,138	1.67%	5	Yes	
Kansas Public Employees' Retirement System	$5,728	$477	$11,455	$955	1.4%	5	Yes	
Kentucky Employees' Retirement System	$6,751	$562	$13,501	$1,125	1.65%	5	Yes	
Kentucky Teachers' Retirement System	$8,183	$682	$16,365	$1,364	2.0%	5	Yes	
Louisiana State Employees' Retirement System	$11,023	$919	$21,745	$1,812	2.5%	3	No	Formula result increased by $300
Louisiana Teachers' Retirement System	$11,023	$919	$21,745	$1,812	2.5%	3	No	Formula result increased by $300
Maine State Retirement System	$8,578	$715	$17,156	$1,430	2.0%	3	No	
Maryland State Pension System	$3,536	$295	$9,969	$831	0.8% up to SSIL 1.5% over SSIL	3	Yes	SSIL — Social Security Integration Level for 1985 is $13,800
Massachusetts State Board of Retirement	$10,723	$894	$21,445	$1,787	2.5%	3	No	

TABLE 3 (Continued)
BENEFIT AMOUNT AT AGE 65
WITH $15,000/$30,000 FINAL YEAR'S SALARY
AND 30 YEARS OF SERVICE[a]

Name of System	BENEFIT AMOUNT Final Year's Salary of $15,000 Annual	$1,250 Monthly	$30,000 Annual	$2,500 Monthly	Formula Percentage	Av. Pd Years[b]	Social Security Coverage	Footnote
Michigan Public School Employees' Retirement System	$6,137	$511	$12,274	$1,023	1.5%	5	Yes	
Minnesota State Retirement System	$5,455	$455	$10,909	$909	1.0% for 1st 10 yrs.; 1.5% beyond 1st 10 yrs.	5	Yes	
Minnesota State Teachers' Retirement System	$5,455	$455	$10,909	$909	1.0% for 1st 10 yrs.; 1.5% beyond 1st 10 yrs.	5	Yes	
Mississippi Public Employees Retirement System	$6,967	$581	$13,934	$1,161	1.62% for 1st 20 yrs.; 1.75% for next 10 yrs.; 2.0% in excess of 30 yrs.	4	Yes	
Missouri Public School Retirement System	$8,183	$682	$16,364	$1,364	2.0%	5	Yes	
Missouri State Employees Retirement System	$5,705	$475	$11,409	$951	1.33%	3	Yes	
Montana Public Employees Retirement System	$7,120	$593	$14,240	$1,186	1.66%	3	Yes	
Montana Teachers' Retirement System	$7,120	$593	$14,240	$1,186	1.66%	3	Yes	
Nevada Public Employees' Retirement System	$10,723	$894	$21,445	$1,787	2.5%	3	No	
New Hampshire Retirement System	$7,120	$593	$14,240	$1,187	1.65%	3	Yes	Benefit fractionally reduced at age 65 to coordinate with Social Security. Effective reduction not shown in table.
New Jersey Public Employees Retirement System	$7,120	$593	$14,240	$1,186	1.66%	3	Yes	
New Mexico Educational Retirement System	$8,183	$682	$16,364	$1,364	2.0%	5	Yes	
New York State and City Employees' and Teachers' Retirement Systems	$8,578	$715	$17,156	$1,430	2.0%	3	Yes	
North Carolina Teachers' and State Employees' Retirement System	$6,618	$551	$13,236	$1,103	1.58%	4	Yes	
North Dakota Public Employees' Retirement System	$5,319	$443	$10,637	$886	1.3%	5	Yes	
Ohio Public Employees' Retirement System	$9,007	$751	$18,014	$1,501	2.1%	3	No	
Ohio State Teachers' Retirement System	$8,587	$715	$17,156	$1,430	2.0%	3	No	
Oklahoma Teachers' Retirement System	$8,183	$682	$15,000	$1,250	2.0%	5	Yes	Final average salary may not exceed $25,000
Oregon Public Employees' Retirement System	$7,163	$597	$14,326	$1,194	1.67%	3	Yes	

TABLE 3 (Continued)
BENEFIT AMOUNT AT AGE 65
WITH $15,000/$30,000 FINAL YEAR'S SALARY
AND 30 YEARS OF SERVICE[a]

Name of System	BENEFIT AMOUNT Final Year's Salary of $15,000 Annual	$1,250 Monthly	$30,000 Annual	$2,500 Monthly	Formula Percentage	Av. Pd. Years[b]	Social Security Coverage	Footnote
Pennsylvania Public School Employees' Retirement System	$8,578	$715	$17,156	$1,430	2.0%	3	Yes	
Pennsylvania State Employees' Retirement System	$8,578	$715	$17,156	$1,430	2.0%	3	Yes	
Rhode Island Employees' Retirement System	$8,578	$715	$17,157	$1,430	1.7% for 1st 10 yrs.; 1.9% for 2nd 10 yrs.; 2.4% over 20 yrs.	3	Yes	
South Carolina Retirement System	$6,501	$542	$13,578	$1,131	1.25% up to $4,800; 1.65% over $4,800	3	Yes	
South Dakota Retirement System	$4,718	$393	$9,436	$786	1.1%	3	Yes	
South Dakota Retirement System — Option B	$8,578	$715	$17,156	$1,430	2.0%	3	Yes	Benefit reduced by all other public benefits received including Social Security. Effective reduction not shown in table.
Tennessee Consolidated Retirement System	$6,136	$511	$11,870	$989	1.5% to SSIL; 1.4% in excess of SSIL	5	Yes	SSIL — Social Security Integration Level for 1985 is $13,800.
Texas Teachers' Retirement System	$8,578	$715	$17,156	$1,430	2.0%	3	Yes	
United States Civil Service System	$8,042	$670	$16,085	$1,340	1.5% x1st 5 yrs.; 1.75% x 2nd 5 yrs.; 2.0% over 10 yrs.	3	Yes	
Utah State Retirement System	$8,183	$682	$16,365	$1,364	2.0%	5	Yes	
Virginia Supplemental Retirement System	$6,483	$540	$13,560	$1,130	1.65%	3	Yes	In calculating the benefit, final average salary is first reduced by $1,200.
Washington Public Employees' Retirement System	$8,183	$682	$16,365	$1,364	2.0%	5	Yes	
West Virginia Teachers' Retirement System	$8,183	$682	$16,365	$1,364	2.0%	5	Yes	
Wisconsin Retirement System	$6,863	$572	$13,725	$1,144	1.6%	3	Yes	
Wyoming Retirement System	$8,578	$715	$17,156	$1,430	2.0%	3	Yes	

[a] Based on benefit formulas applicable currently to new entrants.

[b] "Final average salary" is based on the number of averaging years specified by each system. Assumes 5% annual salary increase rate over the averaging periods specified.

used in determining final average salary is a significant factor in the benefit calculation. For example, two systems basing their benefit on 2 percent of final average salary provide annual benefits differing by $395 for the employee with a $15,000 final year's salary and by $791 for the $30,000 employee. The lower benefit results from a final average salary based on the last 5 years of employment while the higher benefit derives from a formula including only the final 3 years.

FORMULA LIMITATIONS

Forty-four of the 64 defined benefit plans do not impose limits within the formula computation on the total amount of retirement income payable. The remaining 20 plans impose one of two types of limits. One plan states a limit in terms of a maximum number of years (38 in this case) that may be used in the formula. The other 19 systems imposing a limit specify maximum percentages of 62.5 to 100 percent

TABLE 4
LIMITS IN DEFINED BENEFIT PLAN FORMULAS

		Number of Systems
No Limit Imposed		44
Limit Stated		20
Specified Maximum Number of Countable Years	Formula Percentage	
38 years	1.70% × 1st 10 yrs. + 1.90% × 2nd 10 yrs. + 2.40% × yrs. over 20	1
Specified Percentage of Final Average Salary Formula Benefit Amount Only		
100%	2.50% 2.00%	2[a]
90%	2.10% 2.00% 2.00%	3
80%	2.50% 2.00% 2.00% 1.90% 1.50% × 1st 5 yrs. + 1.75% × 2nd 5 yrs. + 2.00% × balance	5[b]
75%	2.50% 2.00% 1.67% × 1st 10 yrs. + 1.90% × 2nd 10 yrs. + 2.10% × 3rd 10 yrs. + 2.30% × 4th 10 yrs. 1.50% × salary + .25% × salary in excess of SSIL	4[c]
65%	1.60%	1
Formula Benefit Amount Plus Social Security PIA		
100%	2.00% 1.62%	2[d]
75%	1.66%	1
Formula Benefit Amount Plus 50% of PIA		
62.5%	1.50%	1[e]
TOTAL SYSTEMS		64

[a]Plan with 2.00% formula permits 2.50% alternative with specified age and service requirements.
[b]In one plan, additional benefit produced by unused sick leave may exceed 80% limit.
[c]In 2.50% formula plan, EE with 30 years credit prior to age 55 continues to accrue 2.50% for each additional year until attainment of age 55 or 90% of final average salary. SSIL — Social Security Integration Level — in general is the average of Social Security wage bases between 1959 and the retirement year. SSIL for 1985 is $13,800.
[d]In one plan, benefit may be increased above limit on a pro rata basis for years of service over 30.
[e]If final average salary exceeds $13,200, formula is 1.65% times final average salary reduced by $1,200.

of final average salary that may be received either under the defined benefit formula (15 plans) or under a combination of the formula and 50 percent (one plan) or 100 percent (three plans) of the Social Security Primary Insurance Amount (PIA).

Table 4 summarizes the benefit limiting provisions of the systems that report some kind of limit and includes information on the benefit formulas for each of the systems described. Retirement benefit limits tend to be stated by systems incorporating benefit formula percentage factors higher than 1.5 percent and often extending up into the 2 percent and 2.5 percent range.

CONTRIBUTION RATES

All but seven of the 64 public retirement systems covering institutions of higher education are contributory, that is, are based on joint contributions by employer and employee. In seven systems the employer (the educational institution or the state or other unit of government) pays the whole cost. Employee contributions are normally expressed as a percentage of salary. Employer contributions for the normal plan costs and for the funding of prior service liabilities constitute the balance of funds going into the defined benefit public retirement systems. The employer's contribution, expressed as a percentage of payroll, may vary from year to year according to plan benefit levels, assumed interest, mortality and turnover rates, changes in salaries of the covered group, the extent of amortization of unfunded liabilities, and relevant annuitant mortality risk factors.

Employee contributions, where required, may be expressed either as a single level percentage of total salary or on a step-rate basis incorporating two or more percentages applied to successive levels of salary. In the latter case, the dividing point is usually a present or prior maximum Social Security taxable earnings base, for example, 2 percent on salary up to the Social Security earnings base and 4 percent on salary above the base. The objective of a step-rate contribution and/or benefit formula is to integrate the pension plan with the Social Security program so that combined benefits will represent a fairly uniform replacement ratio (retirement income as a percentage of preretirement earnings) throughout the entire range of salary levels.

Table 5 shows the employee contribution rates reported by the public systems. Of the 57 that are jointly contributory, 51 express the employee contribution as a single

TABLE 5
EMPLOYEE CONTRIBUTION RATE AS PERCENTAGE OF SALARY[a]

		Number of Systems
Noncontributory		7
Level Percentage of Salary		51
3.0% – 3.9%	8	
4.0% – 4.8%	6	
5.0% – 5.9%	9[b]	
6.0% – 6.9%	14[c]	
7.0% – 7.6%	7	
8.0% – 8.5%	6	
9.0% – 9.5%	1	
Step-Rate		5[d]
Noncontributory on OASDHI base; 5% on balance		
2% on OASDHI base; 4% on balance		
3% on OASDHI base minus 1st $6,000; 5% on balance		
4% on 1st $4,800; 6% on balance		
4.60% on OASDHI base; 9.20% on balance		
Rate Varies by Age		1[e]
5.03% at age 20 to 8.73% at age 59 and over		
TOTAL SYSTEMS		64

[a]Twenty systems provide for ER pick up of EE required contributions under Sec. 414(h) IRC; includes 15 systems in which ER pays entire amount of EE contribution and 5 systems in which individual ERs have the option of paying all or part of EE contribution.
[b]Includes one plan that limits contributions to 1st $21,000 of salary.
[c]Includes one plan that requires an additional contribution of 5% on salary between $6,000 and $15,000 which is allocated to a Supplementary Retirement Fund.
[d]In one plan contribution limited to salary in excess of $513. Includes one plan that requires an additional $10.00 annually as a fee for administrative costs and one plan that requires an additional 0.8% contribution if optional spouse survivor protection is elected. In one plan, percentage is applied to first $25,000 of salary only.
[e]One plan requires an additional 1% to finance survivors' benefits, and in one plan, contributions limited to first $63,000 of annual earnings.
[f]In one plan, rate includes .5% to finance post retirement benefit increase and 10% to finance survivors' benefits.
[g]In one plan amount of EE contribution reduced $19 a month.
[h]Additional voluntary contributions may be made to purchase a variable annuity from the Supplemental Annuity System.

level percentage of salary; percentage rates range between 3 and 9.5, with rates between 5 and 6.9 percent predominating (23 systems). Fourteen systems state a rate below 5 percent and 14 a rate of 7 percent or higher. Of the five contributory systems reporting a step-rate approach, three apply a lower percentage rate and one is noncontributory on salary up to the current OASDHI wage base with a higher percentage applied to the balance of salary, and one applies a lower percentage to the prior OASDHI wage base of $4,800. In one system, the contribution is expressed as a variable rate based on the participant's age.

Under Section 414(h) of the Internal Revenue Code, applicable only to pension plans established by the government of a state or its political subdivisions, an employer may elect to pick up employee required contributions. In this case, the public employer pays the empolyee's contributions and the employee's salary is reduced to reflect the employer take-over of contributions. The salary reduction is partially offset by an increase in the employee's take-home pay equal to the federal income tax that would have been paid on the amount of after-tax salary formerly contributed by the employee to the pension plan. Twenty of the public retirement systems provide for employer pick up of employee required contributions under Section 414(h). In 15 of the systems the employer pays the entire amount, and in five systems the employer has the option of paying all, part, or none of the employee contribution.

VESTING

A vested pension benefit or annuity accumulation is one that is not forfeited by the employee when employment terminates prior to retirement. Under delayed vesting, an employee who terminates prior to meeting the vesting requirement will lose any pension credits attributable to the employer's contributions. Any contributions made by the employee under the plan will be returned to the terminating employee, usually with a modest amount of interest. On forfeiture, the segment of employment history involved will then have no deferred future pension benefits related to it. A majority of the state systems permit employees who withdraw their contributions and who subsequently return to employment covered under the system to repay the refund plus specified interest and restore the prior credit. In some cases, terminating nonvested employees may leave their contributions on deposit and, provided they return to covered employment within a specified period of time, retain their right to a future benefit based on service credit and employer contributions; if the employee does not return to covered employment within the specified period, however, forfeiture is automatic.

Vesting may be either full or gradual. Under full vesting, 100 percent of the deferred benefit becomes nonforfeitable. Under gradual vesting, a nonforfeitable portion of the deferred benefit is provided, with the portion increasing as the employee's years of service increase. Table 6 summarizes the vesting provisions of public retirement systems covering employees in higher education.

All but one of the 64 public systems provide for delay in the vesting of benefits on termination of employment. One plan provides vesting only on eligibility for normal or early retirement. Service requirements for full vesting among the remaining 62 plans that delay vesting range from four years (three systems) to 20 years (one system). The most fre-

TABLE 6
VESTING PROVISIONS[a]

		Number of Systems
Immediate Vesting		1
Completion of a Period of Credited Service[b]		62
4 years	3[c]	
5 years	24[d]	
8 years	1	
10 years	33[e]	
20 years	1[f]	
Qualification for Early or Normal Retirement		1
TOTAL SYSTEMS		64[g]

[a]Vesting of deferred benefits on termination of employment.
[b]In some plans additional years of service permit starting a deferred benefit at an earlier age.
[c]One plan provides alternative vesting at age 55.
[d]One plan provides alternative vesting at age 62.
[e]One plan provides alternative vesting at age 60, and in another plan the last 5 years must be consecutive.
[f]Plan provides alternative vesting at age 55 with 5 years of service.
[g]Six systems, in addition to the regular vesting requirements, do not permit withdrawal of EE contributions after specified age and/or service period.

TABLE 7
TYPES OF RETIREMENT INCOME ADJUSTMENT PROVISIONS

	Number of Systems
Change Equal to Full Increase in U.S. Consumer Price Index	1
Change Related to Change in U.S. CPI, with Stated Limits	28[a]
Automatic Annual Percentage Increase not Related to CPI	8[b]
Change Related to Investment Experience of the Retirement System	3[c]
Ad Hoc Increases	18
No Provision	6
TOTAL SYSTEMS	64

[a]In four plans the CPI increase is dependent on the investment experience of the fund. In one plan the change is limited to the first $7,000 of income. Two plans also grant ad hoc increases. In the two Alaskan plans,a cost-of-living allowance of 10% of base benefit or $50.00 monthly is added for Alaska residents. Two plans also offer participation in a variable annuity.
[b]One plan also grants ad hoc increases.
[c]One plan also offers participation in a variable annuity.

quently stated vesting periods are ten years (33 systems) and five years (24 systems).

During the last seventeen years, a number of the public retirement systems have reduced the vesting delays stated in their plans. In 1968, among the systems with vesting delays, 14 reported vesting of four or five years; in 1985, 27 systems state four or five years. And while 16 systems reported vesting delays of 15 years or more in 1968, in 1985 only one system was in this category.

Public retirement systems usually permit terminating vested employees to withdraw their own contributions in a lump sum; if this is done, however, all future retirement benefits are forfeited. Ten public retirement systems covering employees in higher education incorporate a degree of control over voluntary forfeitures. In six systems terminating employees may not withdraw their contributions and forfeit benefits if they have attained the qualifications for normal retirement or early retirement with actuarially reduced benefits: the Wisconsin Retirement System, the Massachusetts State Board of Retirement and the Oregon Public Employees' Retirement System on the attainment of age 55; the Idaho Public Employees' Retirement System on attainment of age 65 and completion of five years of service; and the Indiana Public Employees' Retirement System and the Indiana State Teachers' Retirement System on attainment of age 65 and ten years or age 50 and 15 years of service. The two New York City and two New York State retirement systems do not permit employees to withdraw their contributions after they have attained vested status, that is, upon completion of ten or more years of service.

COST-OF-LIVING ADJUSTMENTS

Inflation in the years after retirement can progressively erode an initially adequate benefit. In recognition of this fact, all the public retirement systems surveyed except six provide some type of income adjustment provision with the objective of helping retirement income meet in some degree changes in living costs over the retirement years.

One or more of four different methods of benefit adjustment have been established in the public plans: adjustments linked to, but not necessarily equal to, increases in the Consumer Price Index of the Bureau of Labor Statistics; stated automatic annual percentage increases in benefits; changes related to and dependent on the investment experience of the retirement fund; and ad hoc increases granted from time to time by the state legislature. Table 7 summarizes the approaches now in use.

Index-Related Plans. Twenty-nine of the public retirement systems covering public colleges relate post-retirement benefit increases to the U.S. Consumer Price Index (CPI). The United States Civil Service Retirement System provides for an increase equal to the full increase in the CPI; in the remaining 28 systems, if the CPI has increased the resulting benefit increase cannot exceed a specified maximum percentage. In most of the plans, the increase is applied on an annual basis, sometimes with the condition that the CPI must have risen at least by a specified amount. The increase percentages are normally applied to the original benefit rather than compounded. The maximum annual percentage increases provided for range from 1.5 percent to 6.0 percent (excluding the civil service system). One system specifies a maximum increase equal to two-thirds of the increase in the CPI. In four systems the designated benefit increase is conditioned on the financial experience of the fund; in these plans the implementation of the benefit increase is dependent on whether the pension fund's investment experience has met or exceeded expected levels of investment return. In addition to the annual cost-of-living adjustment, two systems also offer participation in a variable annuity. Table 8 summarizes the main provisions of the index-related group.

Automatic Annual Increases. Eight public retirement systems covering employees in higher education incorporate an automatic annual percentage increase in the retirement benefit. In these systems the annual increase ranges from 1 percent to 3 percent. Two systems stipulate mandatory employee contributions allocated for funding the automatic increase; the required contributions are 0.5 percent and 1.8 percent of salary.

Change Related to Investment Experience of System. At retirement, the two Minnesota systems provide for the investment in common stocks of a portion of reserves for the payment of fixed-formula retirement benefits, with benefit changes based on resulting investment experience. The plans provide that whenever the value of the fund averaged over a year is more than the value of the reserves required to support benefit payments, a proportionate adjustment in benefits becomes effective at the beginning of the next calendar year. The original benefit amount remains as a minimum. The Minnesota State Teachers' Retirement System also offers participation in a variable annuity. The Wisconsin Retirement System provides adjustments in benefits when actuarial experience (primarily investment earnings in excess of assumed rate) produces a surplus in the annuity reserve. As noted previously, four systems condition granting CPI-related increases on favorable investment experience.

Ad Hoc Increases. Eighteen systems report having made adjustments in retirement through occasional benefit supplements, usually on an ad hoc basis. The increases are designed primarily to assist those retirees whose benefits began many years ago or who are being paid under prior benefit formulas.

RETIREMENT AGE

Normal Retirement. Under defined benefit plans, the normal retirement age is the earliest age at which a plan participant may retire and receive a full-formula benefit without actuarial reduction. A stated normal age often has a years-of-service requirement coupled with it. For systems in

TABLE 8
COST-OF-LIVING ADJUSTMENT PROVISIONS: CHANGE RELATED TO CHANGE IN U.S. CONSUMER PRICE INDEX

Name of System	*Frequency of Increase*	*Based On*	*Maximum Increase*	*Remarks*
Alaska Public Employees' Retirement System	Annual	CPI	4.00% or actual CPI if less	Contingent on financial experience of the fund
Alaska Teachers' Retirement System	Annual	CPI	4.00% or actual CPI if less	Contingent on financial experience of the fund
California Public Employees' Retirement System	Annual	CPI	2.00%	Automatic
University of California Retirement System	Annual	CPI	Matches CPI to 2.00%; ½ of increase between 4.00% and 8.50%	Automatic
Colorado Public Employees' Retirement Association	Annual	CPI	3.00%	Automatic; CPI increase over 3% accumulated for following years
Connecticut Teachers' Retirement System	Annual	CPI	5.00%	Automatic
Florida Retirement System	Annual	CPI	3.00%	Automatic
Georgia Teachers' Retirement System	Every 6 months	CPI	1.50%	Automatic
Idaho Public Employees' Retirement System	Annual	CPI	6.00%	1.0% automatic; remaining increase contingent on experience of the fund
Louisiana State Employees' Retirement System	Annual	Difference between current CPI and that of two years earlier	3.00%	Automatic
Maine State Retirement System	Annual	CPI	4.00%	Automatic
Maryland State Pension System	Annual	CPI	3.00%	Automatic
Massachusetts State Board of Retirement	Annual, contingent on a CPI increase of at least 3.0%	CPI	Determined by legislature	Contingent on financial experience of the fund
Mississippi Public Employees' Retirement System	Annual	CPI	2.50%	Automatic
Missouri Public School Retirement System	Annual	CPI	4.00%	Automatic; total increase limited to 32% of original benefit
Missouri State Employees' Retirement System	Annual	CPI	5.00%	Automatic; total increase limited to 50% of current benefit
New Jersey Public Employees' Retirement System	Annual	CPI	⅔ of CPI	Automatic
New Mexico Educational Retirement System	Annual	½ of CPI	2.00%	Automatic
North Carolina Teachers' and State Employees' Retirement System	Annual	CPI	Determined by legislature	Contingent on financial experience of the fund
Ohio Public Employees' Retirement System	Annual, contingent on a CPI increase of at least 3.0%	CPI	3.00%	Automatic; CPI increase over 3% accumulated for following years
Ohio State Teachers' Retirement System	Annual, contingent on a CPI increase of at least 3.0%	CPI	3.00%	Automatic; CPI increase over 3% accumulated for following years
Oregon Public Employees' Retirement System	Annual	CPI	2.00%	Automatic

TABLE 8 (Continued)
COST-OF-LIVING ADJUSTMENT PROVISIONS: CHANGE RELATED TO CHANGE IN U.S. CONSUMER PRICE INDEX

South Carolina Retirement System	Annual, contingent on a CPI increase of at least 3.0%	CPI	4.00%	Automatic
South Dakota Retirement System	Annual	CPI	3.00%	Automatic
Tennessee Consolidated Retirement System	Annual, contingent on a CPI increase of at least 1.0%	CPI	3.00%	Automatic
United States Civil Service System	Annual	CPI	CPI	Automatic
Utah State Retirement System	Annual, contingent on a CPI increase of at least 4.0%	CPI	4.00%	Automatic: CPI increase over 4% accummulated for following years
Virginia Supplemental Retirement System	Annual	CPI	Matches CPI to 3.00%; half of increase between 3.00% and 7.00%	Automatic
Washington Public Employees Retirement System	Annual	CPI	3.00%	Automatic

TABLE 9
NORMAL RETIREMENT (ACTUARIALLY UNREDUCED BENEFITS), SHORTEST PERIOD OF REQUIRED SERVICE[a]

		Number of Systems
Age 65		29
No service requirement	13	
Plus 1 year of service	1	
Plus 2 years of service	1	
Plus 4 years of service	2	
Plus 5 years of service	7	
Plus 10 years of service	5	
Age 62		11
Plus 1 year of service	1	
Plus 5 years of service	2	
Plus 10 years of service	8	
Age 60		21
No service requirement	5	
Plus 3 years of service	1	
Plus 4 years of service	1	
Plus 5 years of service	6	
Plus 10 years of service	7	
Plus 20 years of service	1	
Age 58		1
No service requirement	1	
Age 55		2
Plus 5 years of service	1	
Plus 8 years of service	1	
TOTAL SYSTEMS		64

[a]Forty-two plans have more than one age and service requirement for normal retirement (actuarially unreduced benefits). Thirty-three plans permit normal retirement at any age with a specified number of years of service.

which years of service form an integral part of the normal retirement age, there will in effect be many "normal ages" as different employees fulfill the service requirement at ages later than the earliest stated normal age. Two-thirds of the public systems described here state more than one combination of age and service requirements for normal retirement, with the usual result that employees with longer periods of service may retire at a normal retirement age younger than that for employees with fewer years of service. An example of alternative normal-age provisions is that of the State Universities' Retirement System of Illinois: "full-formula benefits are available at age 62 with 5 years of service, at age 60 with 8 years of service, or at any age with 35 years of service."

Table 9 summarizes the normal retirement age requirements (and service, if any) for an actuarially unreduced benefit in public systems using a defined benefit approach to determine part or all of the benefit. The normal retirement age provision shown for each plan is the age with the shortest or no associated service requirement, or putting it another way, in plans with more than one "normal age", the age shown is the highest age.

The most frequently stated normal retirement age is 65 (29 of 64 public retirement systems). Just under half of these (13 of the 30 systems) do not include an associated service requirement. The remaining 16 plans with age 65 normal retirement specify service requirements ranging between one and ten years.

The second most frequently stated normal retirement age is age 60 (21 systems) with five plans having no associated service requirement and the remaining 16 plans requiring years of service ranging from three to 20.

Eleven of the 64 public systems state a normal retirement age of 62 with associated service requirements ranging from one to ten years, one plan permits normal retirement at age 58 with no service requirement, and two plans specify

age 55, with five to eight years of service required. Altogether, 19 of the 64 plans have no service requirement for full-formula normal retirement benefits.

Among the plans with alternative normal-age provisions, 33 plans permit normal retirement at any age for employees who have attained a specified number of years of service.

Early Retirement. Most of the public systems also specify age and service requirements for retirement at ages earlier than the normal age. In opting for early retirement, an employee accepts a benefit level less than the amount that would have been payable at normal retirement recognizing the fact that the benefit will be paid out, on the average, over a longer period of time.

Of the 64 public systems surveyed, eight have no provision for early retirement and 21 have more than one age and service requirement for early retirement. In the case of plans with multiple early retirement provisions, the youngest age at which early retirement may take place is associated with the longest service requirement. Table 10 reports the age and service (if any) requirements for early retirement with reduced benefits. The age shown is the single age permitted or, where multiple age and service requirements are stated, the age associated with the longest period of required service, i.e., the earliest age.

Early retirement ages range from age 60 (five systems) down to age 50 (ten systems) with the majority (20 systems) stating age 55. In 21 plans, early retirement is contingent on meeting a specified years-of-service requirement regardless of age; years of service required range from ten to 30 with one plan permitting early retirement when years of service plus age equal 75.

The amount of reduction (from the full-formula benefit) in the early retirement benefit may be either a specified percentage or an actuarial reduction applied according to the number of years that the early age precedes the normal age. Under an actuarial reduction, benefit payments are actuarially equivalent to unreduced payments for normal age retirement, taking into account a given interest rate and mortality according to a given table. In general, the amount of reduction is greater under the actuarial method than when a single statutory percentage per year is specified. Table 11 gives the reduction factors applied in the 56 systems permitting early retirement.

TABLE 10
EARLY RETIREMENT (REDUCED BENEFITS), LONGEST PERIOD OF REQUIRED SERVICE[a]

		Number of Systems
Age 60		5
No service requirement	1	
Plus 10 years of service	3	
Plus 20 years of service	1	
Age 55		20
No service requirement	3	
Plus 5 years of service	4	
Plus 8 years of service	1	
Plus 10 years of service	3	
Plus 15 years of service	3	
Plus 20 years of service	3	
Plus 25 years of service	3	
Age 50		10
Plus 5 years of service	4	
Plus 8 years of service	1	
Plus 10 years of service	1	
Plus 15 years of service	2	
Plus 20 years of service	1	
Plus 30 years of service	1	
No Specified Age		21
Plus 10 years of service	3	
Plus 20 years of service	1	
Plus 25 years of service	11	
Plus 27 years of service	1	
Plus 30 years of service	4	
Years of service plus age equal 75	1	
No Provisions		8
TOTAL SYSTEMS		64

[a]Twenty-one plans have more than one age and service requirement for early retirement.

Mandatory Retirement. The 1978 Amendments to the Age Discrimination in Employment Act of 1967 (ADEA) prohibited employers—private, state, and local—after January 1, 1979 from mandating retirement for age earlier than 70.* In addition, several states have passed laws that prohibit mandatory retirement at any age for certain categories of public employees. The federal age discrimination legislation does not preempt state laws where the state law requires employers to meet higher standards.

Table 12 shows the mandatory retirement age provisions of the 64 public systems surveyed. Twenty-nine systems reported a mandatory retirement age, either age 70 (26 systems), age 71 (one system), or age 72 (two systems). Twenty-nine systems do not state a mandatory retirement age in their retirement law. Sixteen of the 26 systems with mandatory retirement at age 70 permit extensions of employment beyond that age.

PRERETIREMENT DEATH BENEFITS

Forty-five of the 64 public systems covering employees in higher education provide for monthly income benefits for survivors having a stated family relationship to the deceased employee for nonservice-connected death prior to eligibility for early or normal retirement benefits. Eligible be-

*An exception was made for persons employed in a "bona fide" executive or high policy-making position for a two-year period immediately before retirement; retirement of top executives may therefore be mandated at age 65 provided that they are entitled to an immediate nonforfeitable annual retirement income equivalent to a $27,000 single life annuity, excluding Social Security benefits, based on contributions of the employer who effects the retirement.

TABLE 11
PERCENTAGE PER YEAR REDUCTION FACTORS APPLIED TO EARLY RETIREMENT

		Number of Systems
Actuarial Reduction[a]		17
Single Percentage Reduction		28
2.00% below age 55	1	
3.00% below age 55	1	
3.00% below age 60	3[b]	
3.00% below age 62	1	
3.00% below age 65	5[c]	
3.60% below age 65	1	
4.80% below age 65	1	
5.00% below age 60	1[d]	
5.00% below age 62	1	
6.00% below age 60	5[e]	
6.00% below age 62	2	
6.00% below age 65	2	
6.66% below age 60	1	
6.66% below age 62	1	
7.00% below age 65	1[f]	
8.00% below age 60	1	
Two or More Reduction Factors		11
1.20% below age 60; 5.00% below age 50	1	
1.20% below age 65; 5.00% below age 60	1	
2.40% below age 60; 7.20% below age 55	1	
3.00% below age 65; 5.00% below age 60	1[g]	
3.00% below age 65; 8.00% below age 60	1	
4.00% at age 64; increasing to 6.30% at age 55	1	
5.00% below age 65; 4.00% below age 60	1[h]	
6.00% below age 65; 3.00% below age 60	1[i]	
6.00% below age 60; 3.60% below age 55	2[j]	
6.00% below age 65; 4.80% below age 60	1[k]	
No Provision		8
TOTAL SYSTEMS		64

[a]Payments that are actuarially equivalent to unreduced payments for normal age retirement, taking into account a given interest rate and mortality according to a given table.
[b]In one plan, with 25 years of service reduction is below age 55.
[c]One plan requires an additional actuarial reduction for each year prior to age 60 to age 50, and in another plan if age is between 55 and 62, reduced 6.00% for each year age precedes 65.
[d]With 27 years service reduction is 10% for each year less than 30 or under age 55.
[e]In one plan, with 30 years of service reduction is below age 55, and in another plan, with 25 years of service reduction is 6.00% below age 60 plus an addition of 3.00% below age 55.
[f]With 20 years of service reduction is 7.00% below age 60.
[g]With 10 years of service reduction is 3.00% below age 62 and 5.00% below age 60.
[h]Benefits reduced 5.00% for each year prior to attaining 30 years of service if a higher benefit results.
[i]With 30 years of service reduction is 6.00% below age 62 and 3.00% below age 60.
[j]In one plan, reduction is applied to number of years short of completing 25 years of service if a higher benefit results.
[k]In one plan, reduction is applied to number of years short of completing 30 years of service.

TABLE 12
MANDATORY RETIREMENT AGE PROVISIONS

		Number of Systems
Plans specifying a compulsory retirement age		29
70	26[a]	
71	1	
72	2	
No compulsory retirement age stated		29[b]
No information provided		6
TOTAL SYSTEMS		64

[a]Sixteen systems state that they grant extension beyond age 70.
[b]In four systems, individual employers may establish a compulsory retirement age.

neficiaries are usually limited to spouses with minor children in their care, and children. Dependent parents are sometimes included. The survivor benefits are usually paid in lieu of any lump sum benefits or return of employee contributions, the latter of which is usually provided for on behalf of employees who die without leaving the classes of survivors named by the retirement plan.

Table 13 shows the eligibility requirements for nonservice-connected death benefits prior to eligibility for retirement. Eligibility requirements in the 45 plans providing monthly survivor benefits range in length of service from none to 25 years. One plan states a years-of-service requirement coupled with an age requirement. The most frequently stated years-of-service requirement is five years (ten systems) followed by ten years (nine systems). In addition to these special provisions, survivor annuities are normally available to spouses of employees who die after becoming eligible for retirement benefits but prior to retiring.

DISABILITY BENEFITS

The public retirement systems that provide nonservice-connected disability benefits to eligible participants do so in one of three ways, as outlined in Table 14. The disability benefit may be: (1) the retirement benefit that would have been earned had the employee continued in service to the normal retirement age, either with the benefit not actuarially

TABLE 13
PROVISION OF DEATH BENEFIT IN CASE OF DEATH PRIOR TO ELIGIBILITY FOR RETIREMENT — NONSERVICE-CONNECTED DEATH BENEFITS[a]

		Number of Systems
Monthly Survivor Benefits — Eligibility Based on Specified Service Requirement		45[b]
None	6	
1 year	3	
1½ years	4	
2 years	3	
4 years	2	
5 years	10	
8 years	1	
10 years	9	
15 years	3	
20 years	1	
25 years	2	
25 years and age 50	1	
Lump Sum Payment		14[c]
Return of EE Contributions		5
TOTAL SYSTEMS		64

[a]All plans provide for return of EE contributions when no other death benefit is payable.
[b]Includes 9 plans that provide a lump sum payment in case of death prior to attainment of specified service requirement. Five plans provide lump sum payment in addition to survivor annuity. Fourteen plans permit election of lump sum amount in lieu of survivor annuity. In five plans, additional specified years of service prior to eligibility for retirement qualify survivors for payments at a higher level.
[c]Eight plans provide for return of EE contributions in addition to lump sum payment. In one plan, beneficiary may elect payment of annuity that could be purchased with lump sum amount if lump sum payment equals at least a specified amount.

TABLE 14
BENEFIT FORMULAS FOR NONSERVICE-CONNECTED LONG-TERM DISABILITY BENEFITS (As applied to Participants Meeting Eligibility Requirements)[a]

		Number of Systems
Retirement Benefit Which Would Have Been Earned Had Employee Continued in Service to Normal Retirement Age		18
Not actuarially reduced	16	
Actuarially reduced according to age at disability	1	
Reduced by a percentage applied to the benefit formula	1	
Retirement Benefit Earned to Date of Disability		27
Not actuarially reduced	22	
Actuarially reduced according to age at disability	1	
Reduced by a percentage applied to the benefit formula	4	
Percentage of Final Average Salary Preceding Disability Retirement		17
Flat percentage	9	
Service component in formula	7	
No Provision		3[b]
TOTAL SYSTEMS		64

[a]Thirteen plans specify maximum benefits, eight plans guarantee minimum benefits and nine plans have both provisions. Four plans reduce benefits by amount received from Workers' Compensation, two plans reduce benefits by amount received from Social Security and four plans reduce benefits by amount received from both sources. Eight plans include cost-of-living adjustments applied to disability benefits. In three plans the benefit amount is increased if there are dependent children.
[b]In one plan benefits are provided under a separate disability program administered by the retirement board.

reduced because of the younger age at disability (16 of the 61 public systems that provide long-term disability benefits), or actuarially or otherwise reduced because of the younger age (one system), (2) the retirement benefit that the employee has earned up to the date of disability, with this benefit amount not actuarially reduced for age (22 systems), or actuarially or otherwise reduced for age (five systems); or (3) a disability benefit stated as a percentage of final average salary preceding the onset of disability, sometimes a flat percentage without service component (9 systems), or sometimes a percentage that is multiplied by a service component (7 systems). Table 14 outlines the various benefit formulas for non-service-connected long-term disability benefits in the public systems surveyed.

Eligibility Requirements. All but three of the 64 public retirement systems providing long-term disability benefits have established service requirements for benefit eligibility. The requirements range from six months to fifteen years of membership service. Of the 59 systems stating service requirements, 30 systems (51 percent) specify five years of service and 23 systems (39 percent) specify ten years of service. The remaining systems stating eligibility requirements are distributed as follows: six months of membership service (two systems), two years (one system), three years (one system), nine and one-half years (one system), and fifteen years (one system). Table 15 summarizes the membership service periods required before retirement plan participants become eligible for long-term disability benefits resulting from nonservice-connected injuries and illnesses.

TABLE 15
ELIGIBILITY REQUIREMENTS FOR NONSERVICE CONNECTED LONG-TERM DISABILITY BENEFITS

		Number of Systems
No Service Requirement		2[a]
Service Requirement		59
6 months	2[b]	
2 years	1	
3 years	1	
5 years	30	
9½ years	1	
10 years	23[c]	
15 years	1[d]	
No Provision		3[e]
TOTAL SYSTEMS		64

[a]One plan requires 5 years of service if disability existed prior to latest date of employment.
[b]One plan also requires eligibility for Social Security disability benefits.
[c]Includes two plans with 5 year requirement for EEs over age 50.
[d]Requirement reduced to 10 years for veterans to age 70.
[e]In one plan, benefits provided under a separate disability insurance program administered by the retirement board.

Part II

Summary Descriptions

ALABAMA

Teachers' Retirement System of Alabama

PROVISIONS APPLY TO: All eligible EEs under age 61 at time of initial employment. Participation is required; no waiting period. Faculty and administrative officers in seven state institutions of higher learning (all EEs at one of these) may participate in TIAA-CREF in addition to TRS.

CONTRIBUTIONS:

Individual: 5% of total annual salary. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: 7.5% of payroll.

State EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 2.0125% times final average salary (average salary of highest 3 years out of last 10 years of service) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases granted periodically by Legislature.

RETIREMENT AGE: Normal: age 60 with 10 years of service or any age with 30 years of service. Early: no special provisions for early retirement. Compulsory: age 70; extensions permitted at ER's option.

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may elect to leave contributions on deposit and receive deferred annuity at age 60 based on benefit formula. Upon termination of employment prior to vesting, EE contributions returned without interest with less than 3 years of service. After 3 but less than 16 years of service, 50% of interest refunded; with 16 but less than 21 years of service, 60% of interest refunded, with 21 but less than 26 years of service, 70% of interest refunded, with 26 or more years of service, 80%. Interest credited on previous year's balance at rate of 4% per annum.

If a nonvested EE elects to leave contributions on deposit and returns to service within 5 years, retains credited service. After 5 years absence (automatic refund) or after withdrawal, EE regains credited service by serving additional 5 years and repaying (prior to retirement) in a lump sum the withdrawn amount plus 8% compounded interest.

PRERETIREMENT DEATH BENEFIT: After 10 years of service and age 60 or 30 years of service and any age, spouse or designated beneficiary receives benefit to which EE would have been entitled had retirement occurred at date of death based on 50% joint and survivor option. Between 25 and 30 years of service prior to age 60, spouse or designated beneficiary may elect either annuity benefit as if EE had retired on disability on 50% joint and survivor option or lump sum payment. Between 1 and 25 years of service and prior to age 60, lump sum amount equal to return of contributions with interest, plus amount equal to prior year's salary. Less than 1 year, return of contributions and interest plus matching death benefit to $5,000 maximum if death was not job related or plus death benefit equal to one year's salary if job related.

DISABILITY PROVISIONS: Total and permanent incapacity to perform duties for which hired. Under age 60 with 10 years of service, 2.0125% of final average salary times years of service reduced by 3% for each year age at disability retirement precedes age 60 or attainment of 30 years of service (whichever provides the greater benefit) to maximum reduction of 25%.

ALASKA

Alaska Public Employees' Retirement System

PROVISIONS APPLY TO: Clerical-service EE's and administrative personnel not eligible for the TRS. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 4¼% of basic annual salary.

Institution: Balance necessary to provide benefit (an average of 12% of gross pay in 1983).

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average of highest 3 consecutive years) times years of service. Minimum benefit at normal retirement age: $25.00 a month for each year of credited service.

A cost-of-living allowance of 10% of the base benefit or $50 monthly, whichever is greater, is payable to benefit recipients who are Alaska residents.

ANNUAL COST-OF-LIVING ADJUSTMENT: Benefit may be adjusted periodically contingent on the financial condition of the fund if the Alaska CPI has increased. Maximum increase: 4% annually or the actual CPI increase if less.

RETIREMENT AGE: Normal: age 55 with 5 years of service or any age with 30 years of service. Early: age 50 with 5 years of service (actuarially reduced for each month early retirement precedes attainment of age 55).

VESTING PROVISIONS: Benefits vest after 5 years of service. EE may elect to leave contributions on deposit and receive deferred annuity at age 50 or later (actuarially reduced below age 55).

Upon termination of employment, EE contributions may be returned with 4.5% interest — automatic refund with less than $1,000 and less than 5 years of service. If a nonvested EE elects to leave contributions on deposit, retains prior credit upon return to service. After withdrawal, EE regains credited service by repaying refund with interest.

PRERETIREMENT DEATH BENEFIT: Nonservice-connected: return of EE contributions plus interest (4.5%). After one year of service but less than five years, lump sum benefit of $1,000 plus $100 for each year of credited service to date of death plus return of contributions. After five years of service, surviving spouse (married to EE for at least one year prior to death) may elect either lump sum as above, or 50% joint and survivor option based on credited service.

Service-connected: to surviving spouse (no length of marriage requirement) 40% of EE's monthly compensation at time of death. If no spouse, payable to surviving children to age 19 or 23 if full-time student (no age limit if totally disabled). Benefit recomputed upon date EE would have been eligible for normal retirement based on actual credited service and service that would have been earned between date of death and normal retirement age.

Survivors receive Alaska resident cost-of-living adjustment.

DISABILITY PROVISIONS: Nonservice-connected: after 5 years of service, benefit formula based on service to date of disability, not actuarially reduced. Service-connected (no minimum length of service requirement): Benefit is 40% of EE gross monthly compensation at time of termination due to disability payable until (1) EE's death, (2) EE's recovery, (3) EE no longer eligible for disability payments under Social Security, or (4) EE's normal retirement date. Service-connected benefit recalculated at normal retirement including credit for service while on disability.

Disabilitants receive Alaska resident cost-of-living adjustment.

Alaska Teachers' Retirement System

PROVISIONS APPLY TO: Faculty, professional staff, certificated administrative personnel in positions requiring teaching certificates and at the University of Alaska, administrative personnel in positions requiring academic standing. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 7% of basic annual salary.

Institution: Balance necessary to provide benefit.

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average of highest 3 years) times years of service. A cost-of-living allowance of 10% of the base benefit is payable to benefit recipients who are Alaska residents. Minimum benefit at normal retirement age: $25 a month for each year of credited service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Periodic post-retirement adjustment of original benefit amount may be made, contingent on financial experience of the fund and the increase in the CPI; 4% annual maximum. Maximum may not exceed the increase in the cost of living since date of retirement or four percent of retirement benefit compounded for each year of retirement, whichever is less. Adjustment must be offset by previous cost-of-living increases.

RETIREMENT AGE: Normal: age 55 and 8 years of Alaska service or any age with 20 years of Alaska service. Early: age 50 and 8 years of Alaska service (reduced actuarially for each month early retirement date precedes attainment of age 55).

VESTING PROVISIONS: Benefits vest after 8 years of Alaska service. EE may elect to leave contributions on deposit and receive deferred annuity at age 50 or later based on benefit formula (actuarially reduced for early retirement).

Upon termination of employment for reasons other than retirement, death or disability, EE contributions may be returned with interest (4.5%). If EE elects to leave contributions on deposit, retains prior credit upon return to service. After withdrawal, EE regains credited service by repaying refund with compound interest (7%).

PRERETIREMENT DEATH BENEFIT: Nonservice-connected: less than 1 year of Alaska service, return of EE contributions plus interest. After 1 year of Alaska service but prior to being vested: (a) return of EE contributions plus interest, plus (b) base payment of $1,000, (c) $100 for each year of membership service at death, and $500 if survived by 1 or more dependent children. Maximum amount under (b) and (c) is $3,000. After achieving vested status: surviving spouse may choose the above amount or annuity based on a 50% joint and survivor option using service to date of death.

Service-connected: (no length of service requirement) spouse receives a survivor's pension equal to 40% of base salary. If no spouse, pension amount divided equally among surviving dependent children. Benefit recomputed as under normal retirement at date EE would have been eligible to retire using service that would have accrued to normal retirement date. If no surviving spouse or dependent child, benefit in the lump sum amount as described above.

All cost-of-living adjustments applied to preretirement death benefits.

DISABILITY PROVISIONS: Under age 55 with 5 years of Alaska service, ineligible to retire and in active membership service at onset of disability, benefit of 50% of annual salary plus 10% of salary for each dependent child to a maximum of 4. Benefit recomputed upon eligibility for normal retirement, service credited during disability. All cost-of-living adjustments applied to disability benefit.

ARIZONA

Arizona State Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period. Faculty and officers at the three state universities may participate in TIAA-CREF as an alternate plan.

CONTRIBUTIONS:

Individual: 5.67% of total salary.

Institution: 5.67% of covered payroll (1.29% of which applied to amortization cost.)

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average salary of highest 3 out of last 10 years) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases granted periodically by Legislature.

RETIREMENT AGE: Normal: age 65 or age 62 with 10 years of service or age 60 with 25 years of service. Early: age 50 with 5 years of service. Benefit reduced 3% for each year retirement age precedes age 65—or age 62 or over with 10 years—to age 60 and 5% per year for each year below age 60 to age 50. With 25 years of service benefit reduced 5% for each year below age 60 to age 50. Compulsory: age 70; extensions permitted.

VESTING PROVISIONS: Benefits vest after 5 years of service. EE may elect to leave contributions on deposit and receive deferred annuity beginning at age 50 or later based on normal or early retirement formula.

Upon termination prior to vesting, contributions returned with interest.

PRERETIREMENT DEATH BENEFIT: Lump sum equal to EE contributions at time of death plus ER contributions on behalf of EE, both with interest.

If death benefit exceeds $5,000, beneficiary may elect a life annuity in lieu of lump sum.

DISABILITY PROVISIONS: Disability retirement benefits are not provided.

ARKANSAS

Arkansas Teacher Retirement System

PROVISIONS APPLY TO: Faculty, administrative officers, and clerical staff under age 62. (Service EEs participate in the Public Employees' Retirement System of Arkansas.) Participation is required; no waiting period.

Faculty and officers—at one institution all professional employees—may participate in TIAA-CREF as an alternate plan.

TIAA-CREF is the single retirement plan for all full-time appointed EEs at U. of Arkansas.

CONTRIBUTIONS:

Individual: 6% of total salary.

Institution: Balance necessary to provide benefit.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 1.59% of final average salary (average salary of the highest five years) times years of service. Minimum: $1,800 per year.

ANNUAL COST-OF-LIVING ADJUSTMENT: Effective each July 1 after 12 full months have passed since retirement benefit began, original benefit plus 3% increase per full year from date benefit began. Ad hoc post retirement increases are also granted.

RETIREMENT AGE: Normal: age 60 with 10 years of service or any age with 30 years of service. Early: any age with 25 years of service (actuarially reduced below age 60). Compulsory: age 72.

VESTING PROVISIONS: Benefits vest after 10 years of service. Terminating EE may elect to leave contributions on deposit and receive a deferred annuity payable at age 60 (at age 55 with 25 years of service).

Upon termination of employment prior to vesting, contributions returned with interest (6% beginning after the first year of credited service). If nonvested EE elects to leave contributions on deposit and returns to service, retains credited service. After withdrawal, EE upon re-employment regains credited service by repaying refund with interest and serving additional 1 year.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest (6%) compounded annually from the first year of credited service. The following survivor benefits after 5 years of service (including year immediately preceding death): (1) to spouse married to member at least two years immediately preceding death, annuity greater of (1) joint and full survivor option as if retirement had occurred at date of death, (2) 10% of deceased member's covered salary, or (3) $50 per month beginning (a) with 5 to 14 years of service at age 62; (b) with 15 to 19 years of service at age 50; (c) with 20 or more years of service at any age; (d) with 10 years of service at any age provided member was age 60 or older. Benefits under (a) or (b) are payable until earlier of remarriage or death; under (c) or (d), until death; (2) for each dependent child, annuity greater of (a) 10% of member's covered salary at time of death or (b) $50 monthly. When three or more children, for each child an annuity of an equal share of the greater of (a) 25% of covered salary or, (b) $125 monthly. Children's benefits terminate upon death, marriage, failure to attend accredited secondary school or institution of higher learning, or at age 23; (3) to spouse with care of dependent children, annuity not less than (a) 10% of covered salary, or (b) $50 monthly; (4) to dependent parents (if no spouse or dependent children), annuity not less than (a) 10% of covered salary, or (b) $50 monthly provided each parent dependent on member for 50% of financial support. Qualified spouse without dependent children may choose lump sum instead of annuity.

DISABILITY PROVISIONS: After 10 years of Arkansas service, benefit formula based on service to date of disability, not actuarially reduced.

CALIFORNIA

California Public Employees' Retirement System

PROVISIONS APPLY TO: All full-time EEs of the California State University and Colleges System. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 5% of monthly salary in excess of $513.
Institution: 17.604% of payroll for 1984/85.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average of highest 3 consecutive years less Social Security coordination amount) times years of service; actuarially increased for years served between 60 and 63. For a person retiring prior to any eligibility for Social Security benefits a temporary annuity is available which provides larger benefits from retirement to date Social Security begins (at ages 62 or 65) and smaller benefits thereafter.

ANNUAL COST-OF-LIVING ADJUSTMENT: Automatic annual adjustment applied to original benefit based on increase in cost-of-living limited to annual maximum of 2%. Payable beginning with second calendar year following retirement.

RETIREMENT AGE: Normal: age 60 with 5 years of service. Early: age 50 with 5 years of service (actuarially reduced below age 60). No compulsory age.

VESTING PROVISIONS: Benefits vest after 5 years. Terminating EE may leave contributions on deposit and receive deferred annuity as under early or normal retirement.

Upon termination of employment prior to vesting, EE contributions returned with interest. Nonvested EE may elect to leave contributions on deposit and retain credited service upon re-employment. After withdrawal, EE upon re-employment regains credited service by repaying refund plus interest added from date of refund to date of redeposit.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest plus lump sum death benefit equal to 50% of salary received in the 12 months preceding death, plus $5,000.

If EE was at least 50 with 5 years of service, lump sum of $5,000 plus (1) to surviving spouse if married at least one year before death, benefit that would have been payable had EE retired at date of death based on joint and full survivor option; or (2) if no eligible spouse, to unmarried children under age 18, benefit equal to 50% of benefit formula amount based on service to date of death. If no eligible spouse or child, beneficiary receives refund of contributions plus lump sum equal to 50% of salary received in the 12 months preceding death, plus $5,000.

DISABILITY PROVISIONS: At any age with 5 years of service, benefit of 1.8% of final average salary times actual years of service; if EE has at least 10 years of service, benefit calculation includes the number of years EE would have earned had employment continued to age 60. Maximum benefit if additional service is included: 33⅓% of final average salary. If years of actual service times 1.8% produce a benefit in excess of 33⅓% higher percentage is used.

California State Teachers' Retirement System

PROVISIONS APPLY TO: Faculty and professional EEs at community colleges. Other EEs participate in the PERS or University of California Retirement System. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 8% of salary.
Institution: 8% of payroll.

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the retirement System.

PENSION BENEFIT FORMULA: 2% of final average salary (average of highest 3 consecutive years) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Each September 1 following first anniversary of beginning of benefit payments, 2% increase applied to original amount.

RETIREMENT AGE: Normal: age 60 with 5 or more years of service. Early: age 55 with 5 or more years of service, reduced ½ of one percent for each month prior to age 60; or age 50 with 30 or more years of service, reduced ½ of one percent for each month prior to age 60 and additional

¼ of one percent for each month prior to age 55. ER approval required. No compulsory retirement age.

VESTING PROVISIONS: Benefits vest after 5 years of service. EE may elect to leave contributions on deposit and receive deferred annuity at age 55 or later based on benefit formula. Upon termination of employment prior to vesting, EE contributions returned with 5½% interest less administrative fee.

If a nonvested EE elects to leave contributions on deposit, retains prior credit upon return to service. After withdrawal, EE regains credited service by repaying refund with interest. Must serve 1 year upon reemployment before becoming eligible to draw a benefit. EE is allowed up to 5 years to complete the repayment.

PRERETIREMENT DEATH BENEFIT: $2,000 lump sum benefit. Return of EE contributions plus interest if ineligible for survivor benefits.

After 1 year of employment, (1) family benefit to spouse with eligible child, 40% of final average salary plus 10% for each child to a maximum of 90% of final average salary. If no spouse or spouse remarries, 10% of final average salary to each child to a maximum of 5 children; (2) to spouse on latter of attaining age 60 or last child ceasing to be eligible for benefits, monthly benefit equal to amount payable if EE had continued in service to age 60 based on ½ reduced amount retiree would receive under a joint and survivor benefit. Benefit to spouse ceases at remarriage or death; (3) if no spouse or eligible children, to dependent parent age 60 or over, allowance based on amount payable if deceased had continued in service to age 60.

Family allowance reduced for payments received from other public benefit programs and increased 2% annually (not compounded) after 1st year of receipt.

DISABILITY PROVISIONS: After 5 years of service and under age 45, benefit equal to 50% of final average salary plus 10% for each eligible child (single, under age 18 or age 22 if full-time student).

If between age 45 and 60, 5% of final average salary for each year of credited service, benefit not to exceed 50% of final average salary; plus 10% for each eligible child or full-time student.

Benefits are reduced dollar for dollar by any amount payable from other public systems (Social Security, workers compensation, ER paid disability, insurance, etc.).

University of California Retirement System

PROVISIONS APPLY TO: All EEs of the University of California appointed to work 50% time or more for one year or more. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 2% of earnings up to the Social Security wage base and 4% of earnings in excess of the wage base, reduced by $19 a month in either case.

Institution: Balance necessary to provide benefit, currently 11.30% of payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: EEs may make additional contributions on either a tax-deferred or nontax-deferred basis to one or more of a fixed annuity, variable equity, or variable bond program. Ten dollars monthly or more (to a maximum amount prescribed by IRS regulations) may be contributed.

PENSION BENEFIT FORMULA: At age 65, 2.2% times final average salary (average of highest 3 consecutive years) times years of service. Benefit formula percentage decreased 0.1% each year retirement occurs before age 65 to age 55.

Benefit is offset for Social Security at age 65 by up to a maximum of 50% of the PIA payable. Maximum UCRS benefit before offset: 80% of final average salary.

ANNUAL COST-OF-LIVING ADJUSTMENT: On July 1 following 1 full year of monthly payments and each July 1 thereafter based on increase in the Consumer Price Index. Maximum increase: 2% annually plus ⅓ of the CPI increase between 4% and 8.5%.

RETIREMENT AGE: Normal: age 65. Early: age 55 with 5 years of service (reduced below age 65 as described under Pension Benefit Formula). Compulsory: Age 70 for EEs with tenure; July 1 following attainment of age 67 for bona fide executives as defined in federal law; no compulsory age for all other EEs.

VESTING PROVISIONS: Benefits vest after 5 years of service or age 62, whichever comes first. Deferred benefits paid at retirement.

EE with less than 5 years of service but with EE contributions of $2,000 or more may elect to leave contributions on deposit and receive deferred money purchase annuity at age 55.

EE under age 62 with less than 5 years of service and EE contributions less than $2,000: automatic refund.

PRERETIREMENT DEATH BENEFIT: Lump sum payment of $1,500 plus an amount equal to 1 month's salary. Fewer than 2 years of service or if no eligible survivor, return of EE contributions plus interest (4%). With 2 years of service, eligible spouse (married to EE at least 1 year before death and either disabled, caring for eligible children, or age 60 and not remarried) receives monthly survivor income of 25% of EE's final salary less one-half of EE's Social Security PIA computed as of the date of death.

If EE dies after age 55 with at least 5 years of service credit or after reaching age 62, regardless of service credit, spouse receives lifetime monthly income whether or not he or she qualifies as an eligible spouse. Monthly payment is equal to the retirement income that would have been payable had retirement occurred at date of death based on joint and last survivor option.

Survivor income is subject to the annual cost-of-living adjustment.

DISABILITY PROVISIONS: Under age 62 with 5 years of service, if unable to engage in any occupation which provides substantial income, monthly disability income ranging between 15% and 40% of final salary determined by years of service credit. UCRS benefit reduced by 50% of worker's basic Social Security disability benefit.

Disability income is subject to the annual cost-of-living adjustment.

COLORADO

Colorado Public Employees' Retirement Association

PROVISIONS APPLY TO: All EEs working half-time or more. Participation is required; no waiting period.

Faculty and officers at the University of Colorado participate in TIAA-CREF (and social security) as the single retirement plan.

CONTRIBUTIONS:

Individual: 8% of total salary. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: 12.2% of payroll, statutory rate.

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 2.5% of final average salary (average of 3 highest years) times years of service for the first 20 years of service, plus 1.0% of final average salary for the second 20 years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Annual increase in original retirement benefit equal to increase in Consumer Price Index to a maximum of 3%; increases in CPI above 3% are cumulative. Determinations are made annually as of May 1; EE eligible after receiving benefits for 12 full calendar months. Original benefit is guaranteed minimum.

Cost-of-Living Stabilization Fund provides full CPI increases in retirement allowances to those who began drawing benefits in calendar year 1981 and previously.

RETIREMENT AGE: Normal: age 65 with 5 years of service or age 60 with 20 years or age 55 with 30 years or any age with 35 years of service. Early: age 60 with 5 years (benefit reduced 7% for each year EE is under age 65 or is short of 20 years, whichever is less) or age 55 with 20 years of service (benefit reduced 7% for each year EE is under age 60 or is short of 30 years, whichever is less). Compulsory: age 70.

VESTING PROVISIONS: Benefits vest after 5 years of service. Terminating EE may elect to leave contributions on deposit and receive deferred annuity at age 65 or at age 60 with 20 years of service. Annuity available at age 55 with 20 years or age 60 with 5 years of service, reduced as for early retirement.

Upon termination of employment, EE contributions may be refunded without interest. If EE elects to leave contribution on deposit, retains prior service credit upon re-employment for 1 year. After withdrawal, EE regains prior service credit by repaying refund plus interest (6% compounded semi-annually) covering the period the money was withdrawn and working 1 full year.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions without interest. After 1 year of service (no service requirement if death is service-connected) survivor benefits (1) to two or more children under age 18 (age 23 if unmarried, full-time students—no age limit if handicapped): 50% of final average salary shared equally; one child, 40% of final average salary; (2) to widow(er) where no children qualify and age 60 (or age 55 with 10-15 years of service or age 50 with 15 or more years of service): 25% of final average salary

(higher if deceased had more than 20 years of service). Benefit payable immediately if surviving spouse disabled. In lieu thereof, widow(er) may elect lifetime annuity based on actual service, if EE had 10 or more years' service; (3) if no other survivors, to dependent parents: one parent, 25% of final average salary; two parents, 20% each to death or remarriage.

If EE was eligible to retire at death, benefit of (1) the larger of either survivor benefits described above or an annuity available to widow(er) computed as if EE had retired at date of death based on joint and full survivor option; or (2) to designated beneficiary with an insurable interest, annuity based on joint and full survivor option.

Survivors participate in cost-of-living increases.

DISABILITY PROVISIONS: After 5 years of service, percentage of final average salary EE would have earned had EE remained in active covered service until age 65 subject to 50% maximum. Disability allowance increased 1% of final average salary for each year of service over 20.

CONNECTICUT

Connecticut State Employees' Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period.

Faculty and administrative officers have the option of participating in the Connecticut Teachers Retirement System or in TIAA-CREF; EEs who elect either of these plans do not participate in Social Security.

Coverage in SERS is automatic as of date of hire if no election made within 6 months to join one of the two other plans.

CONTRIBUTIONS:

Individual: Noncontributory.

Institution: Amount necessary to provide benefit.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 1.33% times final average salary (average of highest 3 years) times years of service plus 0.5% time final average salary above the established breakpoint times years of service.

The breakpoint for 1985 is $12,700; for 1986 is $13,500; for 1987 is $14,300.

Minimum monthly benefit with 25 years of service: $260 from 7/85 to 6/86; $280 from 7/86 to 6/87; from 7/87, $300.

ANNUAL COST-OF-LIVING ADJUSTMENT: Benefit increase of 3% yearly payable on January 1 or July 1 following 9 months of retirement.

Adjustment is between 3% and 6% yearly, depending on CPI, for retirees not covered by social security for at least half Connecticut state service and who are at least age 62.

RETIREMENT AGE: Normal: age 65 with 10 years of service. Early: age 55 with 10 years of service, reduced 0.5% for each month EE is under 65. Compulsory: age 70 (EE eligible for benefits at age 70 with only 5 years of service); extensions may be granted.

VESTING PROVISIONS: Benefits vest after 10 years of service.

Upon termination of employment prior to vesting, EE retains earned service if returns to employment before the break in service equals or exceeds the number of years of previously earned service.

PRERETIREMENT DEATH BENEFIT: If EE was eligible for normal or early retirement or with 25 years of service, spouse married to EE at least one year receives benefit based on joint and 50% survivor option based on actual service and age at death or at age 55 if under age 55 with 25 years of service.

Service-connected: to unremarried spouse, $4,000 in equal monthly installments over at least 5 years; to unremarried spouse and 1 child, $7,500 in equal installments over at least 5 years plus $20 monthly for each additional child to age 18. If no spouse or children, $4,000 to dependent parents payable in installments.

DISABILITY PROVISIONS: Nonservice-connected: under age 65 with 10 years of service (no service requirement if job-related), benefit formula percentages and final average salary as for regular retirement times the greater of either the number of years service that would have been available had EE continued to age 65 (30 years maximum) or actual years of credited service as of date of disability.

Maximum benefit: 80% of base salary at date of disability including Social Security disability payments and workers' compensation.

Outside earnings offset: disability benefit reduced if total income from outside earnings, workers' compensation, Social Security disability and CSERS disability benefits exceed 100% of base salary.

Connecticut Teachers' Retirement System

PROVISIONS APPLY TO: Faculty and administrative officers. Participation is required; no waiting period.

Faculty and administrative officers may elect participation in TIAA-CREF or the State Employees' Retirement System as an alternative plan.

CONTRIBUTIONS:

Individual: 6% of basic annual salary, 1% of which is used to finance survivors benefits.

Institution: Balance necessary to provide benefit.

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average salary of highest 3 years) times years of service. Maximum: 75% of final average salary. Minimum: $3,600.

ANNUAL COST-OF-LIVING ADJUSTMENT: On January 1 or July 1 following 9 months of retirement and annually thereafter adjustment based on the change in CPI to a maximum of 5% with a 3% minimum guaranteed.

RETIREMENT AGE: Normal: age 60 with 20 years of service or any age with 35 years of service. Members between ages 60 and 70 with 10 years of service may retire on proratable allowance; benefit varies between 1% and 1.9% of final average salary times years of service. Early: any age with 25 years of service or at age 55 with 20 years of service reduced 6% for each of first 5 years prior to attaining age 60 or completion of 35 years of service and 4% for each of remaining 5 years. Compulsory: age 70; extensions permitted.

VESTING PROVISIONS: Benefits vest after 10 years of service, the last 5 of which must be consecutive. Terminating EE may leave contributions on deposit and receive deferred annuity as under early or normal retirement formula.

Upon termination of employment prior to vesting, EE contributions returned with interest (reduced by 1% compulsory contribution for survivor and dependents coverage with less than 5 years of service or by interest credited to 1% of contributions with 5 or more years of service).

After withdrawal, a nonvested EE may regain credited service upon re-employment by repaying refund with interest.

PRERETIREMENT DEATH BENEFIT: Lump sum payment to spouse living with EE at time of death of $1,000 for up to 5 years of service, increased $200 for each year of service over 5 to a maximum of $2,000, plus survivor benefits: (1) $200 per month for one dependent child to age 18 (no age limit if disabled); $300 per month for 2 or more children; (2) $300 per month to surviving spouse or dependent former spouse receiving child support; (3) $300 per month to dependent parent over age 65 if no surviving spouse or dependent former spouse.

Maximum family survivor's benefit: $600. Benefits to spouse cease upon remarriage unless spouse is over age 60.

DISABILITY PROVISIONS: Under age 60 with 5 years of service (no service requirement if disability is job related) the lesser of 3% of final average salary times years of service or 1⅔% times final average salary times years of service that would have been earned to age 60. Maximum: 50% of final average salary. Minimum: 15% of final average salary.

DELAWARE

Delaware State Employees' Pension Plan

PROVISIONS APPLY TO: All EEs age 65 or under at entry into plan. Participation is required; no waiting period.

Faculty, officers and designated professional staff at the University of Delaware participate in TIAA-CREF as the single retirement plan.

CONTRIBUTIONS:

Individual: 3% of annual compensation in excess of $6,000 up to the current OASDHI wage base plus 5% of compensation in excess of the current wage base.

Institution: Balance necessary to provide benefit, currently 14.2% of covered payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the plan.

PENSION BENEFIT FORMULA: 1/60 of final average salary (average of highest 5 years) times years of service. Maximum: 75% of final average salary less age 62 Social Security benefit.

Maximum: If 30 or more years of service, 75% of total of final average salary plus age 62 Social Security benefit.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases granted periodically by legislature.

RETIREMENT AGE: Normal: age 65 with 5 years of service or age 60 with 15 years of service or any age with at least 30 years of service. Early: age 55 with 15 years of service, or any age with 25 years of service, actuarially reduced 4/10 of 1% for each month EE is under age 60 or short of 25 years of service. Compulsory: age 70.

VESTING PROVISIONS: Benefits vest after 10 years of credited service. EE may elect to leave contributions on deposit and receive deferred annuity at age 62 or later based on benefit formula.

Upon termination of employment prior to vesting, EE contributions returned with 3½% interest. If nonvested EE leaves contributions on deposit, retains credited service by serving 5 additional years upon return. After withdrawal, EE regains credited service by repaying refund with interest and serving additional 5 years.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with 3½% interest. After 5 years of membership service, (1) to spouse married to EE for 1 year or more, payable until death; or (2) to children, payable until death or until age 18 (if student, 21; if disabled, no age requirement); or (3) if no other survivors, to dependent parents, payable until death: 50% of benefit to which EE would have been entitled at age 62 not actuarially reduced for EE's age but actuarially reduced for each month widow(er) is under age 50 (except when such widow(er) has dependent child).

DISABILITY PROVISIONS: After 5 years of membership service, benefit of final monthly salary paid for 3 months following disability, plus at the end of such period a benefit based on service to date of disability, not actuarially reduced. Maximum benefit including social security disability benefit: 75% of final average salary. Benefit reduced before age 60 by any earnings over 50% of final salary.

FLORIDA

Florida Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period.

At the nine institutions of the State University System, faculty and certain professional staff may participate in TIAA-CREF as alternate plan.

CONTRIBUTIONS:

Individual: Noncontributory.

Institution: 12.24% of total payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 1.6% of final average salary (average of highest 5 years) times years of service. Benefit formula percentage is increased for years of service beyond normal age 62 retirement as follows: one year beyond normal retirement, 1.63%; two years, 1.65%; three or more years, 1.68%.

ANNUAL COST-OF-LIVING ADJUSTMENT: Benefit adjusted each July 1 to reflect changes in the Consumer Price Index. Maximum increase: 3% annually.

RETIREMENT AGE: Normal: age 62 with 10 years of service or any age with 30 years of service. Early: any age with 10 years of service, reduced 5% for each year early retirement age precedes age 62. Compulsory: no compulsory age.

VESTING PROVISIONS: Benefits vest after 10 years of service. Deferred annuity payable at age 62 or reduced annuity at any age.

Terminating EE prior to vesting will have credit for previous service restored after reemployment for 1 year.

PRERETIREMENT DEATH BENEFIT: Nonservice-connected: If EE had completed 10 years of service, spouse or other dependent may elect to receive a benefit calculated as if EE had retired at date of death based on joint and full survivor option. Payment of benefit may be deferred to some later time when it will be calculated on the age EE would have attained at the time benefit commences.

Service-connected: spouse receives 50% of final monthly salary until death or remarriage; if spouse dies, unmarried children continue receiving benefit to age 18.

Cost-of-living provisions as per pension benefit formula are applied.

DISABILITY PROVISIONS: Nonservice-connected: after 10 years of service, benefit formula based on service to date of disability. Minimum: 25% of final average salary. Service-connected (no minimum length of service requirement): benefit formula based on service to date of disability. Minimum: 42% of final average salary.

Cost-of-living provisions as per pension benefit formula are applied.

GEORGIA

Teachers' Retirement System of Georgia

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 6% of gross salary. EE with 40 years of service may elect to discontinue making contributions.

Institution: 13.23% of gross payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the System.

PENSION BENEFIT FORMULA: 2.0% times final average salary (average of highest two consecutive years) times years of service to maximum of 40 years.

Minimum benefit: $12 per month for each year of service to a maximum of 40 years.

ANNUAL COST-OF-LIVING ADJUSTMENT: Increase granted each six months based on change in CPI. Maximum increase: 1½%.

RETIREMENT AGE: Normal: age 62 and 10 years of service or any age with 30 years of service. Early: age 60 with 10 years of service, reduced 0.25% for each month age precedes 62. Compulsory: age 70.

VESTING PROVISIONS: Benefits vest after 10 years of service. Terminating EE may elect to leave contributions on deposit and receive deferred annuity as under normal or early retirement.

If EE has not withdrawn contributions and returns to service after 4 but less than 5 years, reinstated to membership by paying sum equal to 12½% of salary for last year of service prior to break; if break in service is 5 years but not more than 6 years, reinstated to membership by paying sum equal to 25% of salary for last year of service prior to break. A member who has at least 3 years of current active service may reestablish membership by paying a sum equal to the amount of interest which would have been credited to the account had it remained active.

Upon termination of employment prior to vesting, EE contributions returned with interest (4.5%). Members having withdrawn contributions not more than three times may reestablish credit for Georgia service forfeited by paying amount equal to withdrawn contributions plus accrued interest after 3 years active service as a contributing member.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest (4.5%). After 10 years, designated beneficiary may elect instead to receive lifetime monthly benefit based on service to date of death, not reduced by EE's age at death. Cost-of-living increases granted to beneficiaries as for normal retirement.

DISABILITY PROVISIONS: With 9½ years of service, benefit formula based on service to date of disability, not reduced for age at disability retirement. Cost-of-living increases granted as for normal retirement.

HAWAII

Employees' Retirement System of the State of Hawaii

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: Noncontributory.

Institution: Amount necessary to provide benefits.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members through the ER.

PENSION BENEFIT FORMULA: 1.25% of final average salary (average of highest 3 years) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Automatic 2½% increase effective each July 1st.

RETIREMENT AGE: Normal: age 62 with 10 years of service or age 55 with 30 years of service. Early: age 55 with 20 years of service, reduced ½ of 1% for each month under age 62.

VESTING PROVISIONS: Benefits vest after 10 years of service. Terminating vested EE eligible to receive a normal retirement benefit at age 65 if termination occurs prior to age 62.

Terminating nonvested EE loses all service credit. Upon re-employment, all previous service restored if break in service was less than 1 year. If break in service is longer than 1 year, EE receives credit for 1 year of previous service for each subsequent year of re-employment.

PRERETIREMENT DEATH BENEFIT: Nonservice-connected: with 10 years of service credit, (1) spouse eligible for 50% of benefit calculated as for normal retirement unreduced for EE's age; (2) dependent child to age 18, 10% for each child to a maximum of 20%; (3) if no surviving spouse, 20% for each child to a maximum of 40% of accrued benefit. Spouse's benefit ceases upon remarriage.

Service-connected accidental death: Same benefits as above with the following minimums: (1) spouse, minimum of 15% of final average salary; (2) dependent child to age 18 with surviving spouse, 3% of final average salary for each child to a maximum of 6%; (3) dependent child with no surviving spouse, 6% of final average salary for each child to a maximum of 12%.

DISABILITY PROVISIONS: Nonservice-connected: Certified as permanently incapacitated and with 10 years of service, benefit calculated as under normal retirement without reduction for age.

Service-connected accident (no minimum age or length of service requirement): for total disability, annuity calculated as under normal retirement without reduction for age. Minimum benefit: 15% of final average salary at time of disability.

IDAHO

Public Employee Retirement System of Idaho

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 5.34% of gross monthly salary.

Institution: Balance necessary to provide benefit, currently 8.89% of total salaries.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 1⅔% of final average monthly salary (average of 5 highest consecutive years) times total months of credited service.

As of January 1, 1985, the minimum benefit is $8.49 per month for each year of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: 1% mandatory with up to 6% annually, but not to exceed changes in the Consumer Price Index and provided the value of actuarial assets of the system will be no less than its actuarial liabilities including those created by the adjustment.

RETIREMENT AGE: Normal: age 65 with 5 years of service or any age to age 55 if age plus years of service equal 90 or more. Early: age 55 with 5 years of service, reduced 3% for each year below age 65 to 60 and 8% for each year below 60 to 55. No compulsory age.

VESTING PROVISIONS: Benefits vest after 5 years of membership service. EE may elect to leave contributions on deposit and receive deferred annuity at age 55 or later. After age 65 and 5 years of service, return of contributions not permitted.

Upon termination of employment prior to age 65, EE contributions may be returned with interest upon request. If a nonvested EE elects to leave contributions on deposit and returns to service within 10 years (automatic refund after 10 years), retains credited service. After withdrawal, EE regains credited service if returns to service within 10 years of having left, completes at least 5 months of continuous membership service and repays refund plus interest on balance unpaid after return to active service.

PRERETIREMENT DEATH BENEFIT: Payment to beneficiary of EE contributions with interest, less any other benefit payments that have been made. If EE had 5 years of credited service, beneficiary may waive lump sum for spouse to receive annuity based on benefit to which EE would have been entitled had retirement occurred at date of death, based on joint survivor option.

DISABILITY PROVISIONS: After 10 years of service and 5 months of disability, EE entitled to benefit as if service had continued to age 65 based on salary at date of disability with constructive (disability) service credit limited so total credited service not to exceed 360 months. Benefit is reduced by Worker's Compensation and same death benefit provided as for preretirement death.

ILLINOIS

State Universities Retirement System, Illinois

PROVISIONS APPLY TO: All EEs working one-half time or more. Participation required; no waiting period.

CONTRIBUTIONS:

Individual: 8% of gross salary which includes ½ of 1% to cover automatic annual increases in retirement benefits and 1% for survivor's insurance. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC.)

Institution: Balance necessary to provide benefit, currently about 10% of payroll.

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: Whichever of the following produces a higher benefit is to be used: (1) money purchase annuity based on EE contributions of 6.5% and ER contribution of 9.1% of salary; or (2) 1.67% of final average salary (average salary of highest 4 consecutive years) times first 10 years of service; 1.90% of final average salary times second 10 years of service; 2.10% of final average salary times third 10 years of service; 2.30% of final average salary times fourth 10 years of service. Maximum: 75% of final average salary. Minimum: $8 to $12 per month (depending upon final average earnings) per year of service to a maximum of 30 years (reduced below age 60).

ANNUAL COST-OF-LIVING ADJUSTMENT: Automatic cost-of-living increase: 3% of original benefit effective January 1 nearest 61st birthday or 1 year after retirement, whichever is later.

RETIREMENT AGE: Normal: age 60 with 8 years of service or age 62 with 5 years of service or any age with 35 years of service. Early: age 55 with 8 years of service (reduced ½ of 1% for each month age precedes 60. Compulsory: compulsory retirement age established by individual ER.

VESTING PROVISIONS: Benefits vest after 5 years of service. EE may elect to leave contributions on deposit and receive deferred annuity at age 62 or after 8 years of service at age 55 or later (reduced below age 60).

Upon termination of employment prior to vesting, EE contributions returned with interest (4.5%). If EE returns to participation under plan for at least 2 years after having accepted refund, regains previous service credit by repaying refund with accumulated interest.

PRERETIREMENT DEATH BENEFIT: If EE has 1½ years of service, benefit of return of contributions (7% of earnings) with interest, plus lump sum payment of $1,000, plus monthly survivors benefit based on number of dependents and average earnings during highest 4 consecutive years: (1) to spouse age 50 or over, child, or dependent parent age 55 or over, 30% of final average salary or $400, whichever is less; (2) to spouse with unmarried children under age 18: 1 child, 60% of final average salary to maximum of $600; 2 or more children, 80% of final average salary to maximum of $600. Benefit to spouse or dependent parent ceases if remarriage occurs before age 55. Spouse to be eligible must have been married to EE at least 1 year prior to death. Minimum monthly survivors annuity: 50% of basic monthly retirement annuity earned by EE at time of death regardless of stated maximums.

If beneficiary waives survivor's insurance benefits or does not qualify: return of EE contributions of 8% with interest and if death occurred while EE was in active service, a lump sum of $2,500 to a nondependent beneficiary or to a dependent beneficiary an amount equal to EE's average annual earnings, not to exceed $5,000.

DISABILITY PROVISIONS: After 2 years of service for illness (no service required for accident): 50% of greater of (1) basic compensation on date disability occurs or (2) average of final 24 months salary; paid to maximum of 50% of total earnings during membership service, but not beyond age 70. Benefits reduced by Worker's Compensation. Service is credited during disability.

If disability results from an on-the-job accident and EE is eligible for Worker's Compensation, disability benefits may be continued to age 70 regardless of length of service or total earnings at date of disability.

If benefits expire, EE may apply for retirement annuity at age 62 with 5 years of service or age 55 with 8 years of service, without reduction for age. If EE is not eligible to retire, receives disability allowance of 35% of EE's basic compensation at time disability began, payable for life.

INDIANA

Indiana Public Employees' Retirement Fund

PROVISIONS APPLY TO: All full-time EEs other than faculty. Participation required; no waiting period.

CONTRIBUTIONS:

Individual: 3% of annual salary.
Institution: 7.5% of annual salary.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members through the retirement system.

PENSION BENEFIT FORMULA: (1) Money purchase annuity provided by EE contributions with interest (presently 8.0% per year) plus (2) pension of 1.1% of final average salary (average salary of 5 highest years) times years of service.

No minimum or maximum on amount of earnings.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases granted periodically by legislature.

RETIREMENT AGE: Normal: age 65 with 10 years of service. Early: age 50 with 15 years of service (reduced below age 65: a cumulative reduction of 1.2% per year to age 60 plus a cumulative reduction of 5% per year to age 50). No compulsory retirement age contained in retirement law; individual institutions may determine a compulsory age.

VESTING PROVISIONS: Benefits vest after 10 years of service. Terminating vested EE may elect to leave contributions on deposit and receive deferred annuity at age 65 or reduced annuity at age 50 or later with 15 years of service. Terminating EE who is eligible by virtue of age and years of service to elect an annuity may not withdraw contributions.

Upon termination of employment prior to vesting, EE contributions returned with interest (8.0%). Contributions left on deposit with fewer than 10 years of service cease to earn interest after a separation of 10 years.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest (8.0%). After 15 years of service, to spouse if designated as beneficiary and married to EE for at least 3 years, benefit calculated as if EE had retired at date of death based on joint and full survivor option. (A benefit is payable to a dependent other than spouse if designated by member as beneficiary.)

DISABILITY PROVISIONS: With 5 years of service, under age 65 and qualifying for Social Security disability benefit, monthly benefit based on years of service, final average salary and amount of EE contributions. Minimum disability benefit is $100 per month.

Indiana State Teachers' Retirement Fund

PROVISIONS APPLY TO: Faculty. Participation is required; no waiting period.

Faculty and officers at Ball State and Indiana State University may participate in TIAA-CREF as an alternate retirement plan. Faculty and professional staff at the Indiana University System, Indiana Vocational Technical College and Purdue University participate in TIAA-CREF as the single retirement plan.

CONTRIBUTIONS:

Individual: 3% of basic annual salary.

Institution: Balance necessary to provide benefit, approximately 7.6% of payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: (1) Money purchase annuity provided by EE contributions plus interest, plus (2) 1.1% of final average salary (average of 5 highest years) times years of service provided by ER.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc adjustments have been approved by the legislature on an annual basis.

RETIREMENT AGE: Normal: age 65 with 10 years of service. Early: age 50 with 15 years of service, reduced 1.2% for each year of retirement between ages 60 and 65 and 5% for each year of early retirement between ages 50 and 60. Compulsory: age 71.

VESTING PROVISIONS: Benefits vest after 10 years of service. Vested EE may elect to leave contributions on deposit and receive deferred annuity as under benefit formula at age 65 (age 50 with 15 years). If vested EE is eligible for a retirement benefit at termination, contributions may not be withdrawn and benefits must be started within 5 years of first date of eligibility.

Upon termination of employment prior to vesting, EE contributions returned with interest. If EE leaves contributions on deposit retains credited service for 5 years; membership automatically cancelled after 5 year absence. Upon reemployment, EE regains credited service by repaying refund plus interest.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions plus interest. With 15 years of service, spouse married to EE for at least 3 years and named as sole primary beneficiary may elect monthly benefit based on joint and full survivor option in lieu of refund.

DISABILITY PROVISIONS: With 5 years of service and after 6 months of disability, benefit of $125 per month plus $5.00 for each year of service over 5. EE eligible for social security disability may elect instead to receive a retirement benefit not reduced for age.

IOWA

Iowa Public Employees' Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period.

At the three state universities, all EEs with salaries above a specified level participate in TIAA-CREF as the single plan.

CONTRIBUTIONS:

Individual: 3.7% of first $21,000 of basic annual salary. (Includable salary increased to $22,000 effective 1/1/86 and to $23,000 effective 1/1/87.)

Institution: 5.75% of first $21,000 of basic annual salary. (Increases same as individual, above.)

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: Under 4 years of service: money purchase annuity provided by EE and ER contributions. With 30 years of service: 50% of final average covered

salary (average of 5 highest years). Benefits prorated down for fewer years of service.

Minimum benefit: with 10 or more years of service and attainment of age 65, $50 monthly.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases are granted by the General Assembly.

RETIREMENT AGE: Normal: age 65 or age 62 with 35 years of service. Early: age 55-62, reduced ½ of 1% for each month age precedes 65, or age 62 or later, reduced ¼ of 1% for each month age precedes 65. No service requirements for normal or early retirement. Compulsory: state EE: no compulsory age; public EE other than state EE: age 70; extensions granted at the discretion of the individual ER.

All contributions cease at age 70.

VESTING PROVISIONS: Benefits vest after 4 years of service or on attainment of age 55. EE may elect to leave contributions on deposit and receive deferred annuity based on benefit formula at either early or normal age.

Upon termination of employment prior to vesting, EE contributions returned with interest. After 1 but less than 4 years of service, if EE leaves contributions on deposit, may return to service anytime within 4-year period and retain prior credited service. After withdrawal of contributions, loses credit for any prior service.

PRERETIREMENT DEATH BENEFIT: Lump sum cash payment of accumulated EE contributions plus interest and a portion of EE's highest covered salary based on years of service.

DISABILITY PROVISIONS: No provision for special disability benefit other than a refund of contributions or the vested benefit, reduced ¼ of 1% for early retirement if eligible for Social Security disability benefit, or with 30 years of service and eligible for Social Security disability, no reduction for early retirement.

KANSAS

Kansas Public Employees' Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; one year waiting period.

At the state universities and colleges, faculty and at most of these institutions, unclassified administrative and research personnel participate in TIAA-CREF as the single retirement plan.

CONTRIBUTIONS:

Individual: 4% of basic annual salary.

Institution: Balance necessary to provide benefit.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 1.4% times final average salary (average salary of 5 highest years) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc adjustments granted periodically by Legislature.

RETIREMENT AGE: Normal: age 65 (no minimum service requirement). Early: age 60 with 10 years of service, reduced .3% per month below age 65. No compulsory retirement age.

VESTING PROVISIONS: Benefits vest after 10 years of service. Terminating EE may elect to leave contributions on deposit and receive actuarially reduced deferred annuity at age 60 or full annuity at age 65 based on benefit formula.

Upon termination of employment prior to vesting, EE may elect return of contributions with interest. After withdrawal or automatic refund after 5 years absence, EE may repurchase forfeited service credit upon return to covered service.

Upon termination of employment prior to vesting, EE may elect return of contributions with interest. After withdrawal, EE may repurchase forfeited service credit upon return to covered service. Nonvested EE may leave contributions on deposit and return service credit upon return to covered service within 5 years. If EE does not return to service or withdraw contributions within 5 years, they are forfeited.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions plus interest. If EE was eligible to retire, spouse if named as sole beneficiary may elect monthly benefit under the joint and 50% to survivor option in lieu of return of contributions.

Group life insurance: death benefit equal to 100% of EE's annual rate of compensation.

Service-connected accidental death: in addition to return of contributions with interest and group life benefit, lump

sum payment of $50,000 plus monthly amount based on 50% of EE's final average salary, reduced by any benefits received under Workers' Compensation. Minimum benefit: $100 per month, payable to spouse, children under 18 or dependent parents.

DISABILITY PROVISIONS: After 180 days of disability, an insured benefit of 60% of annual rate of compensation reduced by Social Security, ½ of Worker's Compensation or any other ER paid disability benefit. Minimum benefit: $50 per month.

KENTUCKY

Kentucky Employees' Retirement System

PROVISIONS APPLY TO: EEs other than faculty and administrative staff. Participation is required; no waiting period.

Clerical-service EEs at the University of Kentucky and University of Louisville participate in TIAA-CREF as the single retirement plan.

CONTRIBUTIONS:

Individual: 4% of salary. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: Balance necessary to provide benefit, currently 7¼% of payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 1.65% of final average salary (highest 5 out of total working years) times years of service. For retirement at age 65 with fewer than 4 years of service, money purchase annuity calculated by doubling EE contributions and applying appropriate annuity factor.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc adjustments granted periodically by the General Assembly.

RETIREMENT AGE: Normal: age 65 or any age with 30 years of service. Early: any age with 25 years of service or age 55 with 5 years of service (reduced 5% for each year age precedes 65 to age 60 and 4% for each year age precedes 60 to age 55, or 5% for each year prior to attaining 30 years of service if higher benefit results). Compulsory: no compulsory retirement age.

VESTING PROVISIONS: Benefits vest after 5 years of service with a deferred annuity payable at age 55 or later.

Upon termination of employment prior to vesting, return of EE contributions plus interest. Nonvested EE may leave contributions on deposit for indefinite period of time and retain credited service upon re-employment. After withdrawal, EE regains prior credit upon re-employment by repaying refund plus 7½% interest after working for 6 months.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest. For an active contributor, after 5 years of service, survivor benefit based on retirement annuity earned to date of death. If EE was age 55 or older or had 30 years of service, benefit computed as under retirement provisions based on age of EE at death and age of beneficiary. Death benefits are vested with 12 or more years of service.

DISABILITY PROVISIONS: After 5 years of service, if member permanently and totally disabled and can not engage in any occupation for remuneration, benefit formula applied to years of service to date of disability without actuarial reduction for age below 65. If EE's service credit is less than 25 years, years that would have been earned if EE had continued in service to age 65 will be added to bring total to 25 years, but years added cannot exceed actual years of service.

Maximum benefit from combined retirement fund, Social Security and Worker's Compensation: 100% of final pay rate if service is added. Minimum: amount derived from formula computation using actual years of service.

Teachers' Retirement System of Kentucky

PROVISIONS APPLY TO: Faculty and administrative EEs. Participation is required; no waiting period.

Faculty, officers and EEs with educationally related duties at Northern Kentucky U., all EEs at the University of Kentucky and all full-time permanent EEs at University of Louisville participate in TIAA-CREF as the single retirement plan. These EEs covered by TIAA-CREF also participate in Social Security.

CONTRIBUTIONS:

Individual: 5.905% of salary. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: Balance necessary to provide benefit.

EEs participate in Social Security. (EEs covered by the TRS who are not employed at institutions of higher education do not participate in Social Security.)

TAX-DEFERRED ANNUITIES: Available to members from the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average of 5 highest years) times years of service. Minimum: $88 times total service, with minimum 5 years of service, $75 per month.

ANNUAL COST-OF-LIVING ADJUSTMENT: Automatic increase of 1% applied to basic annuity amount every July 1.

RETIREMENT AGE: Normal: age 60 with 5 years of service or any age with 30 years. Early: age 55 with 5 years of service reduced 5% for each year age at retirement precedes 60 or the attainment of 30 years, or any age with 27 years of service reduced 10% for each year less than 30 or under age 55. Compulsory: age 70.

VESTING PROVISIONS: Benefits vest after 5 years with a deferred annuity payable at age 55.

Upon termination of employment prior to vesting, EE contributions returned with interest. EE who leaves system and withdraws contributions may regain lost service by working an additional 2 years or the number of years subsequent to the withdrawal of contributions, whichever is the lesser number, and repaying refund with interest.

PRERETIREMENT DEATH BENEFIT: Lump sum benefit of $2,000. Return of EE contributions. Or, to unremarried spouse, if designated as sole beneficiary, (1) monthly benefit of $180 ($200 if spouse's income from other sources is less than $500 per month), (2) with 10 years of service, annuity actuarially equivalent to one that would have been paid had EE survived to normal or early retirement. Eligibility for payments begins at time deceased EE would have been eligible to retire.

To unmarried children to age 18 (to age 23 if full-time student, no age limit if physically-mentally handicapped), $165 to one child ($200 if handicapped) increasing to $370 for four or more children.

If none of the above, to one dependent parent, $200; two dependent parents, $290; dependent sibling, $165.

If EE was eligible to retire at death, spouse or legal dependent, if named as beneficiary, may choose in lieu of refund or survivor benefits, an annuity that would have been payable had EE retired the day before death. Payable to survivor's death; no restriction for remarriage.

DISABILITY PROVISIONS: To member less than 60, after 5 years of service, benefit of 60% of final average salary. EE entitled to 1 year of disability income for every 4 years of service, minimum of 5 years income.

When disability credits have been exhausted, annuity is recalculated as if for service retirement and includes the service credited during the disability retirement. Benefit is calculated at age 60 if member is under age 60 without actuarial reduction. Minimum: $300 monthly under basic single life option.

LOUISIANA

Louisiana State Employees' Retirement System

PROVISIONS APPLY TO: Nonacademic EEs under age 60. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 7% of basic annual salary.

Institution: 9.2% of basic annual salary.

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 2½% of final average salary (average of highest 36 months) times years of service plus $300 per year. Maximum: 100% of final average salary.

ANNUAL COST-OF-LIVING ADJUSTMENT: Effective July 1st of each year, adjustment based on difference between Consumer Price Index of 2 immediately preceding calendar years. Benefit computed on base retirement benefit with increase (or decrease) not to exceed 3%. (Benefit not decreased below base benefit.) Granted at discretion of Board of Trustees.

RETIREMENT AGE: Normal: age 60 with 10 years of service; age 55 with 25 years of service; or any age with 30 or more years of service. Compulsory: age 70 (extensions may be granted). No provision for early retirement.

VESTING PROVISIONS: Benefits vest upon meeting age and service requirements for normal retirement. Upon termination from state service, EE may apply for refund of contributions.

Repayment of contributions may be made after returning to the system before age 60 and earning at least 2 years additional service credit. Repayment including 5% compounded interest per year must be made in a lump sum.

PRERETIREMENT DEATH BENEFIT: Lump sum refund of EE contributions to named beneficiary if no survivor benefits are payable. With 5 years of service including 2 years immediately preceding death or with 20 years if no longer in active service, benefit to surviving spouse (or legal custodian) with minor children equivalent to 75% of deceased EE's average compensation or $300, whichever is greater. Benefit paid until youngest child attains age 18 (age 23 if full-time student, no age limit if handicapped) or marries.

With 10 years of service (20 years if no longer in active service) to surviving spouse without minor children and married to deceased at least 2 years prior to death, monthly benefit equivalent to 50% of deceased EE's average monthly salary or $200, whichever is greater.

DISABILITY PROVISIONS: With 10 years of service, benefit equal to regular retirement formula without reduction for age. Benefit not reduced by Workers' Compensation or social security disability benefits. Disability benefits are vested with 20 years of service; disability benefits for inactive EE are reduced by any other disability benefits payable.

Teachers' Retirement System of Louisiana

PROVISIONS APPLY TO: Faculty and administrative officers under age 60. Faculty and administrative officers age 60 or over may become members of the system if they can establish credit for 10 years of service by age 70. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 7% of basic annual salary. No contributions required after 40 years of service.

Institution: 9.3% of total payroll.

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 2% of final average salary (highest 36 successive months) times years of service (with credit for unused sick leave at the rate of 10 days per year) plus $300 annually.

At age 65 with 20 years of service excluding military service credit, age 55 with 25 years of service, or at any age with 30 years of service, benefit formula is 2½% times final average salary times years of service plus $300. Maximum: 100% of final average salary.

ANNUAL COST-OF-LIVING ADJUSTMENT: Annual adjustment determined by legislative action. Percentage limited to EEs retired before a specified date and varies between 4% and 7% depending on age of beneficiary. Increase subject to specified maximums.

RETIREMENT AGE: Age 60 with 10 years of service or any age with 20 years of service. Compulsory: age 70; extensions permitted. No provision for early retirement with reduced benefits.

VESTING PROVISIONS: Benefits vest at any age with 10 years of service. EE may elect to leave contributions on deposit and receive deferred annuity at age 60 calculated as for normal retirement.

Upon termination of employment prior to vesting, EE contributions returned without interest. If a nonvested EE elects to leave contributions on deposit and returns to service within 5 consecutive years retains credited service. After withdrawal or absence of 5 consecutive years, (automatic refund) EE regains credited service by repaying refund with interest (8%).

PRERETIREMENT DEATH BENEFIT: With 5 years of service credit (two earned immediately prior to death), to surviving spouse with minor children, benefit equal to the larger of (1) 50% of benefit which would have been payable had EE continued in service to age 60 using the 2½% formula regardless of years of credit or, (2) $300 monthly. Each minor child to a maximum of two receives a benefit of 50% of spouse's benefit under (1) above.

With 10 years of service credit (two earned immediately prior to death) or 20 years, regardless of when earned, spouse without minor children, married to EE for at least one year eligible for the greater of (1) benefit earned to date of death based on joint and full survivor option and 2½% formula factor or, (2) $300 monthly.

All spouse benefits cease upon remarriage and resume upon subsequent divorce or widowhood when member was not eligible for retirement on date of death.

DISABILITY PROVISIONS: With 5 or more years of service and eligible for service retirement, benefit based on 2½% formula regardless of years of service and age. With 5 years and ineligible for service retirement, benefit equal to lesser of (1) 75% of benefit that would have been payable had EE continued in service to age 60 or, (2) 50% of final average compensation. Minimum under (1) or (2): benefit produced by 2½% formula using actual years of service. Disabled EE with dependent minor children or disabled spouse eligible for added benefit equal to 50% of EE's disability benefit not to exceed a total maximum of 75% of final average compensation.

MAINE

Maine State Retirement System

PROVISIONS APPLY TO: All EEs at two-year vocational and technical institutions and Maine Maritime Academy. Participation is required; no waiting period.

Faculty and administrative EEs at the University of Maine participate in TIAA-CREF as the single retirement plan. Other EEs at the University of Maine participate in a self-administered plan.

CONTRIBUTIONS:

Individual: 6½% of earnable compensation.

Institution: Balance necessary to provide benefits.

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available from the system.

PENSION BENEFIT FORMULA: 1/60th of final average salary (average of 3 highest years) times years of service. Minimum with 10 years of service: $100 per month at age 60.

ANNUAL COST-OF-LIVING ADJUSTMENT: Adjustment made in the retirement allowances of retirees and dependents based on the percentage change in the Consumer Price Index payable each September, with a maximum of 4% per year, subject to approval by the state legislature.

RETIREMENT AGE: Normal: age 60. Early: any age with 25 years of service reduced below age 60. Compulsory: no compulsory age.

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may elect to leave contributions on deposit and receive benefits at age 60 or reduced benefits at earlier age with 25 years of service.

Upon termination of employment, EE contributions returned upon request with interest.

PRERETIREMENT DEATH BENEFIT: Return of contributions plus interest or survivor benefit to (1) spouse with the care of 1 child, $300 monthly; 2 children, $375; three or more, $450; (2) no spouse, to children: 1 child, $150; 2 children,

$225; 3 or more $300. Eligibility for child's benefits or benefits based on care of child continue to age 18 or age 22 if unmarried full-time student or any age if incapacitated; (3) if no other beneficiary, to spouse age 60, $150; if no spouse, to one parent age 60 or over, $150; 2 parents, $255. After 10 years of service, benefit at any age to spouse without children, $150 per month to death. If EE was eligible to retire, benefit to which EE would have been entitled had retirement occurred at date of death based on joint and full survivor option.

DISABILITY PROVISIONS: Under age 60 and expected to be permanently incapacitated for the duties of the position, benefit of 2/3 of final average salary. Disability benefits reduced to reflect payments from any Worker's Compensation settlement or from Social Security. Disability benefit reduced if compensation from any subsequent employment exceeds $10,000. The excess shall be deducted from the disability allowance payments during the next calendar year. Benefits cease after 5 years unless individual is unable to engage in any activities for which qualified by training, education and experience.

Five year service eligibility requirement if disability results from condition existing prior to employment.

MARYLAND

Maryland State Pension System

PROVISIONS APPLY TO: All EEs who work a minimum of 700 hours in a fiscal year. Participation is required; no waiting period.

Faculty and designated EEs at Maryland Community Colleges, State Colleges and the University of Maryland may participate in TIAA-CREF as an alternate plan.

CONTRIBUTIONS:

Individual: Noncontributory on salary up to annual Social Security taxable wage base; 5% on balance, if any.

Institution: Balance necessary to provide benefit.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members from the system.

PENSION BENEFIT FORMULA: 0.8% of final average salary (average of highest 3 consecutive years of service) up to the Social Security Integration Level (SSIL) plus 1.5% of final average salary over the SSIL, each multiplied by years of creditable service.

Full or fractional year of creditable service equals the number of normal hours actually worked in a fiscal year as a percentage of the standard normal hours for a full-time position in a fiscal year.

SSIL generally is the average of Social Security wage bases between 1959 and the retirement year. The SSIL for 1985 is $13,800.

ANNUAL COST-OF-LIVING ADJUSTMENT: Automatic increase in original benefit equal to change in CPI, to a maximum of 3%.

RETIREMENT AGE: Normal: age 65 or over with 2 years of creditable service, age 64 with 3 years, age 63 with 4 years, age 62 with 5 years, or any age with 30 years. Early: age 55 with 15 years of eligibility service (reduced ½ of 1% for each month age at early retirement precedes 62). Eligibility service earned at the rate of 1 year for each year EE works a minimum of 700 hours. Compulsory: age 70; extensions may be granted by individual ER.

VESTING PROVISIONS: Benefits vest after 5 years of service. Terminating EE may elect to receive annuity at age 62 (age 55 with 15 years of service, reduced as under early retirement) based on benefit formula. If vested EE has made contributions and elects to withdraw them, age 62 benefit is actuarially reduced.

Upon termination of employment prior to vesting, EE loses all previous eligibility and creditable service if break in service equals or exceeds the eligibility service earned before break. EE who returns before such time will have previous service restored after earning one additional year of eligibility service.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions (if any) plus interest. If EE dies in active service, with one year of eligibility (no service requirement if death is job related), lump sum benefit equal to EE's annual earnable compensation at time of death.

If death occurs on or after age 62 or age 55 with 15 years of eligibility service, spouse, if designated sole primary beneficiary, may elect monthly allowance instead of lump sum.

Upon death of vested member no longer in active service and prior to starting monthly benefits, return of contributions (if any) plus interest only.

DISABILITY PROVISIONS: With 5 years of eligibility service benefit as under normal retirement formula including actual service and service projected from date of disability to age 62. Accident related (no service requirement): pension equal to ⅔ of final average salary plus money purchase annuity based on EE contributions (if any) plus interest.

MASSACHUSETTS

Massachusetts State Board of Retirement

PROVISIONS APPLY TO: All EEs under age 65 at time of employment. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 7% of basic annual salary.

Institution: Balance necessary to provide benefit.

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 2.5% of final average salary (average of 3 highest consecutive years) times years of service. Maximum: 80% of final average salary.

ANNUAL COST-OF-LIVING ADJUSTMENT: Beginning 18 to 30 months following date of retirement and annually thereafter, a percentage change in initial amount, as determined on yearly basis by the Legislature, if there has been at least a 3% cost-of-living increase. Percentage applied to first $7,000 of income only.

RETIREMENT AGE: Normal: age 65. Early: age 55 or any age with 20 or more years of service. Benefit formula percentage reduced 0.1% for each year below age 65. Compulsory: age 70; extensions may be granted.

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may elect to leave contributions on deposit and receive deferred annuity beginning at age 55 or at any age with 20 years of service. After age 55, EE may elect immediate or deferred annuity but not a return of EE contributions.

Upon termination of employment prior to vesting, EE contributions returned upon request with interest. If EE elects to leave contributions on deposit, deposits earn interest for 2 years (none thereafter). After withdrawal, EE regains credited service by repaying refund and serving 2 additional consecutive years of service.

PRERETIREMENT DEATH BENEFIT: Nonservice-connected: refund of total accumulated contributions or eligible beneficiary may elect survivors benefit of ⅔ of amount derived as follows: 1.5% of final average salary times years of service times a percentage factor based on combined ages of the member and the beneficiary (age 55 used if member is under 55 at time of death; true age and percentage factor used thereafter). With 2 years of service: (1) minimum monthly allowance of $140 if spouse does not remarry; (2) children's monthly benefit (to age 18 or 22 if full-time student): $80 for one child, $60 for each additional child. (Reduced to $60 per child if spouse remarries.) Service-connected: refund of member's contributions plus annual benefit to dependent spouse of 72% of member's salary on date of death plus $312 annually for each child to age 18. Benefit to spouse ceases upon remarriage but is then paid to children in equal shares in addition to $312 benefit.

DISABILITY PROVISIONS: Nonservice-connected: for nonveteran under age 55 with 15 years of service, benefit of 1½ times final average salary times years of service. For veterans at any age to age 70 with 10 years of service, benefit of 50% of salary during year preceding retirement, plus annuity at true age based on member's total accumulated contributions. Service-connected (no minimum length of service requirement): benefit of 72% of member's salary on date of accident plus annuity at true age based on member's total accumulated contributions plus $312 annually for each child to age 18.

Disability benefit may not exceed an amount which, added to earnings from any subsequent employment, equals the salary EE would have received if not on disability plus $5,000.

MICHIGAN

Michigan Public School Employees' Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period.

TIAA-CREF is the single retirement plan at 6 of the four-year colleges and universities, covering all EEs at five and faculty and professional EEs at one institution; at the 7 remaining four-year institutions, TIAA-CREF is an alternate plan for full-time faculty and administrative personnel.

CONTRIBUTIONS:

Individual: Noncontributory.

Institution: 5% of earned compensation plus balance necessary to provide benefit.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 1.5% times final average salary (average of 5 highest years) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Supplemental check provided to retirees and beneficiaries based on earnings received in excess of 8% on retired life assets.

RETIREMENT AGE: Normal: age 60 with 10 years of service or age 55 with 30 years of service. Early: age 55 with 15 but less than 30 years of service (permanently reduced ½ of 1% for each month early retirement age precedes age 60).

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may elect to receive deferred allowance as under normal retirement.

After termination of employment, credit restored upon return to service.

PRERETIREMENT DEATH BENEFIT: After 15 years of service or 10 years of service if over age 60, to surviving spouse or if no spouse to dependent children under age 18, a monthly allowance equal to amount that would have been payable had EE retired at date of death based on joint and full survivor option.

No service requirement if death is service-connected.

DISABILITY PROVISIONS: Nonservice-connected: after 10 years of service, benefit based on service to date of disability, not reduced for age.

Service-connected (no years of service requirement): ineligible to work and in receipt of weekly Workers' Disability Compensation, benefit based on the greater of service to date of disability or 10 years of service credit, not reduced for age. Benefit recalculated to include additional service credit upon termination of weekly Workers' Disability Compensation.

MINNESOTA

Minnesota State Retirement System

PROVISIONS APPLY TO: Nonacademic EEs. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 3.73% of annual salary. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: 3.9% of total payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: Final average salary (average salary of highest 5 years) times the following percentages: first 10 years, 1% per year of service; beyond first 10, 1½% per year of service; partial year beyond first 10, 0.125% per month of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: At the time of retirement, the reserves needed to pay retirement benefit are transferred to the Post Retirement Investment Fund. The invested money must earn at least 5% interest to break even. Earnings, as determined each year, in excess of 5% are used to increase monthly benefit payments. If the value of the assets in the reserve fund are short of the reserves required

to pay benefits, then one-twentieth of the earnings in excess of the 5% interest earning requirement is retained to gradually eliminate any deficiency. Increases are made in January.

RETIREMENT AGE: Normal: age 65 with 1 year of service or age 62 with 30 years of service. Early: age 55 with 10 years of service or any age with 30 years of service, actuarially reduced for age under 65 (or under age 62 if 30 years of service). Compulsory: age 70.

VESTING PROVISIONS: Benefits are vested after 10 years of service. EE may elect to leave contributions on deposit and receive deferred annuity at retirement (ages, years of service required and actuarial reductions as outlined above).

Upon termination of employment prior to vesting, EE contributions returned with interest (5%). If a nonvested EE elects to leave contributions on deposit and returns to service, retains credited service. After withdrawal, EE may regain credited service by completing 1 year of additional service and repaying refund with 6% interest.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest (5%).

If EE is 55 with 10 years of service or any age with 30 years of service, surviving spouse may elect in lieu of return of contributions a 100% joint and survivor lifetime annuity.

DISABILITY PROVISIONS: Under age 50 with 10 years of service, or if age 50 and over with 5 years of service, to EE unable to engage in any substantial gainful employment, benefit formula based on service to date of disability, not actuarially reduced.

Minnesota State Teachers' Retirement System

PROVISIONS APPLY TO: Faculty and administrative officers. (Other EEs are covered by the Minnesota State Retirement System.) Participation is required; no waiting period for regular retirement fund — 2 year waiting period for Supplemental Retirement Fund.

CONTRIBUTIONS:

Individual: 4½% of total salary. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Supplemental Retirement Fund: EE must make additional contributions of 5% on salary between $6,000 and $15,000 which are matched by the State and paid into a separate Supplemental Retirement Fund under which EE may elect "income" share account (up to 50% of which is invested in common stocks) or a "growth" share account (up to 100% of which is invested in common stocks).

Institution: 8.98% of total payroll. Supplemental Retirement Fund: Matches amount of EE contributions.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members through the system after 10 or more years of service.

PENSION BENEFIT FORMULA: Formula: final average salary (average of highest 5 consecutive years out of total contributing years) times the following: first 10 years, 1% per year of service; 1½% for each year of service over 10.

Supplemental Retirement Fund: Money purchase annuity provided by ER and EE contributions and earnings if EE is age 55 or over, subject to approval of State College or University Boards; otherwise, 20% redemption per year without approval at age 60.

ANNUAL COST-OF-LIVING ADJUSTMENT: At the time of retirement, the reserves needed to pay EE's formula retirement benefits are transferred (at 5%) to a special fund. Up to 50% of this fund is invested in common stocks. When the income of the fund over a year is more or less (by 2% or more) than the 5% required to support the payment of benefits, a proportionate adjustment in benefits will become effective January 1st of the next year. Amount of benefit originally granted is guaranteed minimum.

RETIREMENT AGE: Normal: age 65 and 10 years of service or age 62 with 30 years of service. Early: age 55 with 10 years of service (reduced ½% for each month EE is under age 65 and ¼% for each month EE is under age 60) or any age with 30 years of service (reduced ½% for each month EE is under age 62 and ¼% for each month EE is under age 60). Compulsory: age 70.

During the period 4-27-84 through 12-31-86, any member who is age 55 or over and whose combined age and years of allowable service total 85 or more is entitled to retire during this period with the full benefit formula without reduction for early retirement.

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may elect to leave contributions on deposit and receive a deferred annuity based on benefit formula beginning at the minimum age or later. Deferred benefits are augmented 3% per year.

Upon termination of employment prior to vesting, EE contributions returned with interest at 5% compounded annually. Upon reemployment, EE regains service credit by serving additional two years and repaying refund plus 6% annual compound interest.

Supplemental Retirement Fund: EE may elect either a deferred benefit payable at age 55 or return of half of the cash realized from redemption of the EE's shares. Full redemption if age 60 or over, subject to the approval of State College or University Boards; otherwise 20% annual redemption without approval.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest (5%). If EE was age 55 with 10 years of service or any age with 30 years, benefit to spouse or designated beneficiary based on joint and survivor annuity.

DISABILITY PROVISIONS: Formula: After 10 years of service or age 50 and 5 years of service, benefit formula based on service to date of disability with no actuarial reduction for early retirement.

Supplemental Retirement Fund: money purchase annuity provided by ER and EE contributions plus earnings or the cash realized from redemption of 20% of the shares in the account. (Annual maximum redemption is 20%).

MISSISSIPPI

Public Employees' Retirement System of Mississippi

PROVISIONS APPLY TO: All EEs under age 60. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 6.0% of earnings up to $63,000. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: 8.75% of payroll up to a maximum of $63,000 per EE.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Deferred compensation plan; minimum of $180 per year to be invested in either life insurance, fixed or variable annuities, equity fund, or bond fund.

PENSION BENEFIT FORMULA: 1⅝% of final average salary (average of 4 highest consecutive years) times first 20 years of service; 1¾% of final average salary times next 10 years of service; 2% of final average salary times each year of service in excess of 30 years.

Minimum at age 65: $7.50 per month for each year of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: All retirees receive a 13th check equal to ½ of annual percentage change in CPI, to a maximum of 2½%, times annual retirement allowance.

RETIREMENT AGE: Normal: age 65 or any age with 30 years of service. Early: age 60 with 10 years of service (reduced 3% for each year age precedes 65 or completion of 30 years of service). Compulsory: age 70.

VESTING PROVISIONS: Benefits are fully vested after 4 years of service with a deferred retirement allowance payable at age 60.

Upon termination of employment prior to vesting, return of EE contributions with interest. If a nonvested EE elects to leave contributions on deposit and returns to service, retains credited service. After withdrawal, EE may regain credited service by completing 4 years of additional service and repaying refund.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest. After 4 years of service, monthly benefit payment available to spouse married to EE at least one year immediately preceding death of EE. In the absence of a spouse, a member may designate a dependent child to receive monthly benefit payments. Annual cost-of-living provision applied to survivors benefits.

Service-connected: no years of service requirement. Spouse and/or children under age 19 qualify for monthly benefits.

DISABILITY PROVISIONS: Under age 60 with 10 years of service, benefit to which EE would have been entitled had service continued to age 60 reduced by the lesser of: 15% or 3% for each year less than 30 years creditable service that the member has without the added additional years.

Service-connected: benefit payable without years of service requirement.

MISSOURI

Public School Retirement System of Missouri

PROVISIONS APPLY TO: Faculty and administrative officers. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 9.5% of basic annual salary. (The annual contribution rate is established each year by the Board of Trustees; the maximum rate that may be established is 10½%.) Contribution rates to the retirement system and benefits for EEs with Social Security coverage are ⅔ of the amount for noncovered EEs.

Institution: Matches EE contributions.

EEs participate in Social Security at the 5 state colleges only, plus a few state agency certificated employees.

TAX-DEFERRED ANNUITIES: Available to members through the retirement system.

PENSION BENEFIT FORMULA: 2% times final average salary (average of highest 5 consecutive years) times years of service.

Maximum: 80% of final average salary.

ANNUAL COST-OF-LIVING ADJUSTMENT: Automatic increase or decrease, equal to change in CPI to a maximum of 4%. First payable on the fourth January 1 following retirement. Total increment to any retiree limited to 32% of original benefit.

RETIREMENT AGE: Normal: age 60 or any age with 30 years of service. Early: any age with 25 years, actuarially reduced below age 60. Compulsory: age 70.

VESTING PROVISIONS: Benefits vest after 10 years of service or at age 60; EE may elect to leave contributions on deposit and receive deferred annuity at age 60 based on benefit formula.

Upon termination of employment prior to vesting, EE contributions returned with interest. Membership terminated and member's contributions refunded if EE is under age 56 with fewer than 5 years of service and is not employed in covered service for more than 4 of any 5 consecutive years. After withdrawal, EE regains credited service by repaying refund plus interest within 5 years and serving an additional 7 years.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest. If EE was member of system for 2 or more years, monthly survivor benefit may be elected: (1) to spouse age 60 (or any age if disabled for 5 years preceding EE's death) married to EE at least 3 years, 20% of monthly salary with a minimum of $300 and a maximum of $500 until death or remarriage; (2) to spouse with dependent child under 18 (age 22 if full time student, no age limit if physically or mentally disabled), 20% of monthly salary plus 10% for each child. Children's benefit continues if spouse remarries; (3) if no surviving spouse, to dependent unmarried children under age 18 (age 22 if full time student, no age limit if physically or mentally disabled), 16.6% of monthly salary per child; (4) if no spouse or dependent children, to dependent parent age 65 or over, 16.6% of monthly salary. All categories have a minimum and maximum benefit.

If EE was eligible for retirement (age 60 or any age with 25 years of service), spouse, if named as beneficiary, may elect to receive benefit payable had member retired as of date of death with joint and full survivor option.

DISABILITY PROVISIONS: Under age 60 with 5 years of service, greater of (1) 90% of benefits that would be paid if EE were retiring at age 60 with same creditable service or (2) 50% of salary rate for last full year of creditable service.

Maximum: service retirement allowance that would have been payable had EE continued working to age 60 at same salary rate.

Missouri State Employees' Retirement System

PROVISIONS APPLY TO: Full-time nonacademic EEs. (Faculty and administrative officers participate in the Public School Retirement System of Missouri.) Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: None.

Institution: Percentage of payroll necessary to supply benefits.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members through a deferred compensation program.

PENSION BENEFIT FORMULA: 1.33% times final average salary (average of 3 highest consecutive years) times years of service. Minimum benefit: $112.50 per month with 15 years of service prorated down to $75 per month with 10 years.

ANNUAL COST-OF-LIVING ADJUSTMENT: Annual increase payable to retirees only (not to spouses). Increase equal to 80% of percentage increase in CPI of year over CPI of previous year. Minimum increase, 4%; maximum, 5%. Increases are compounded. Total increase to any retiree limited to 50% of original benefit or 50% of benefit payable as of 5/12/81.

RETIREMENT AGE: Normal: age 65 with 4 years of service or the age beyond 65 at which 4 years of service would be completed or age 60 with 15 years of service. Early: age 55 with 15 years of service, actuarially reduced below age 60. Compulsory: age 70; extensions permitted.

VESTING PROVISIONS: Benefits start vesting after 5 years of service at the level of 50 percent increased by 10 percent per year to 100 per cent with 10 years of service. Deferred benefit payable at age 65 with 5 to 14 years of service or age 60 with 15 years.

Upon termination of employment prior to the completion of 5 years of service, benefits are forfeited. Service restored upon completion of one year of continuous reemployment.

PRERETIREMENT DEATH BENEFIT: With 10 years of service, spouse married to EE at least 2 years prior to death receives benefit equal to ½ deceased EEs accrued benefit at date of death. Benefit continues if spouse remarries. If spouse dies, benefit continued to children to age 21. If no eligible spouse and children have been designated as beneficiaries, benefit paid to age 21.

At age 55 or over and eligible to retire, to spouse if named as beneficiary, monthly amount equal to benefit payable had EE retired at date of death based on joint and full survivor option.

DISABILITY PROVISIONS: After 5 years of service, benefit formula based on service to date of disability. Benefits reduced by Workers' Compensation.

MONTANA

Montana Public Employees' Retirement System

PROVISIONS APPLY TO: Nonfaculty EEs. Participation is required for EEs under age 60 who work over 960 hours (120 days) in a fiscal year—elective at age 60 or over; no waiting period.

CONTRIBUTIONS:

Individual: 6.0% of salary.

Institution: 6.417% of total payroll as of July 1, 1983.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 1/60 times final average salary (average of highest 3 consecutive years) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases granted biennially by Legislature during past seven sessions.

RETIREMENT AGE: Normal: age 65 or age 60 with 5 years of service or any age with 30 years of service. Early: any age with 25 years of service, reduced 6% for each year short of 30 years of service, or age 50 and 5 years, reduced 6% per year below age 60 to age 55 and 3.6% per year from age 55 to age 50. No compulsory age.

VESTING PROVISIONS: Benefits vest after 5 years of service. Vested EE may elect to leave contributions on deposit and receive deferred annuity as under normal retirement.

Upon termination of employment prior to vesting, EE contributions returned with interest. If a nonvested EE elects

to leave contributions on deposit, retains credited service upon return to covered employment. After withdrawal, EE regains credited service by repaying refund with interest after re-employment.

PRERETIREMENT DEATH BENEFIT: Beneficiary may elect either (1) return of EE contributions plus interest and lump sum amount equal to 1 month of compensation for each year of service to a maximum of 6, or (2) with 5 years of service, beneficiary if of legal age, may elect monthly survivor annuity based on service, final compensation and age of EE at death.

DISABILITY PROVISIONS: Service or non-service related: If member has five years of service, 25% of final average salary or 90% of normal retirement benefit which would have been paid at age 60, whichever is greater.

Montana Teachers' Retirement System

PROVISIONS APPLY TO: Faculty, administrative and professional staff. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 7.044% of basic annual salary.

Institution: 7.428% of basic annual payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members through the system.

PENSION BENEFIT FORMULA: 1/60 of final average salary (average of 3 highest consecutive years of earnings) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases granted periodically by Legislature.

RETIREMENT AGE: Normal: age 60 with 5 years of service or at any age with 25 or more years of service. Early: age 50 with 5 years of service. Benefit is reduced ½ of 1% for each of first 60 months retirement age precedes date on which EE would have attained age 60 or completion of 25 years of service and 3/10 of 1% for early retirement in excess of first 60 months. Compulsory: no compulsory retirement age.

VESTING PROVISIONS: Benefits are vested after 5 years of service. EE may elect to leave contributions on deposit and receive deferred annuity at age 50 or later.

Upon termination of employment prior to vesting, contributions returned with interest. If a nonvested EE elects to leave contributions on deposit and returns to service, retains credited service. After withdrawal, EE may regain credited service by repaying refund with interest upon return to system.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest. After 5 years of service, beneficiary may elect to receive a joint and full survivor benefit based on benefit formula and beneficiary's age. Additional benefit of $100 per month for each child payable to age 18.

Beneficiary of any member with 5 years of service who was active within one year of death receives $500 death benefit in addition to all other benefits payable.

DISABILITY PROVISIONS: With 5 years of service, benefit based on normal retirement formula with member's final average salary and years of service at date of disability. Minimum: 25% of final average salary.

NEVADA

Public Employees' Retirement System of Nevada

PROVISIONS APPLY TO: Clerical and service EEs working one-half time or more. Participation is required; no waiting period.

Faculty and professional staff participate in TIAA-CREF as the single retirement plan.

CONTRIBUTIONS:

Individual: 8% of basic annual salary.

Institution: 8% of basic annual payroll. All EEs must elect "ER-paid" retirement. In this case, EE agrees to forego a wage increase and/

or take a salary reduction equaling the EE's contributions. (These "ER-paid" contributions are not refundable.) At retirement, EEs participating in the ER-paid program have their average compensation increased by 50% of the public ER's contribution rate. Current ER-paid contribution rate is 15%. (This arrangement is not "ER pick-up" as under Sec. 414(h) IRC).

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 2.5% times final average salary (average of highest three consecutive years) times years of service to a maximum of 75% with 30 years; employee with 30 years credit prior to age 55 continues to accrue 2½% for each additional year prior to age 55 to a maximum of 90%.

ANNUAL COST-OF-LIVING ADJUSTMENT: Effective each September 1, 2% of retiree's cumulative benefit.

RETIREMENT AGE: Normal: age 60 with 10 years of service or age 55 with 30 years' service. Early: any age with 10 years of service reduced by 6% for each year age at initiation of receiving benefits precedes 60; or with 30 years, 6% for each year age precedes 55. No compulsory retirement age.

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may leave contributions, if any, on deposit and receive a benefit at age 60 as under normal retirement benefit formula.

Upon termination of employment, EE may withdraw EE contributions. Contributions made by ER on behalf of EE "ER-paid" are not refundable. After reemployment, EE regains prior service by remaining a contributing member for 6 months and repaying refund plus 8% interest.

PRERETIREMENT DEATH BENEFIT: Fewer than 2 years of service, return of EE contributions, if any. After 2 or more years of service in 2½ years immediately preceding death or with 10 years of service (no service requirement if death was work-related), survivors receive following benefits: (1) to children under age 18, $150 monthly per child. Children's benefit ceases if child dies, marries, or reaches age 18 (23 if full-time student) and continues if mentally or physically handicapped; (2) to spouse $200 monthly until death or remarriage. If EE had at least 10 years of service, monthly allowance based on joint and 50% survivor option (joint and full survivor option if EE had met normal age requirements) paid for remainder of spouse's life (or monthly $200 option if greater); (3) if no other survivors, each dependent parent is entitled to receive $150 monthly.

If no other eligible beneficiaries, a spouse may waive monthly payments and receive lump sum of EE contributions plus 50% of creditable contributions made under the ER-pay program. Annual cost-of-living adjustment applied to survivors' benefits.

DISABILITY PROVISIONS: After 5 years of service, benefit formula based on service to date of disability, not reduced for age. Annual cost-of-living adjustment applied to disability benefits.

NEW HAMPSHIRE

New Hampshire Retirement System

PROVISIONS APPLY TO: All EEs at the vocational-technical colleges. Participation is required; no waiting period.

All EEs in the University System of New Hampshire participate in TIAA-CREF as the single retirement plan.

CONTRIBUTIONS:

Individual: 4.6% of salary up to current OASDHI earnings base and 9.2% on balance of salary. EE contribution paid by ER pick-up (Sec. 414(h) IRC).Supplementary contributions — not matched by ER — may be made.

Institution: Balance necessary to provide benefit.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 1/60 times final average salary (average of 3 highest years) times years of service. Benefit fractionally reduced at age 65 to coordinate with Social Security benefits.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases granted periodically by Legislature.

RETIREMENT AGE: Normal: age 60. Early: age 50 with 10 years of service, reduced 6⅔% for each year age at retirement precedes age 60. Compulsory: No compulsory retirement.

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may elect to leave contributions on deposit and receive deferred annuity between ages 50 and 60 as under normal or reduced retirement benefit formula.

Upon termination of employment prior to vesting, EE contributions returned with interest or may be left on deposit. After withdrawal or absence from employment for 6 years in any 7 year period (automatic refund) loses credited service and membership status. Upon return to employment, EE may purchase credit to restore previous service.

PRERETIREMENT DEATH BENEFIT: Non-service connected: to unremarried spouse of EE eligible for early or normal retirement, 50% of service retirement allowance earned to date of death or lump sum payment equal to EE's last annual rate of pay. If no surviving spouse, or EE not eligible for retirement, lump sum payment to beneficiary equal to annual rate of compensation or $3,600, whichever is greater. Any survivor eligible for lump sum death benefit also receives refund of accumulated contributions.

Service-connected accident: refund of accumulated contributions. To spouse, benefit equal to 25% of final average salary up to $6,600 plus 50% of final average salary over $6,600. If no surviving spouse or if spouse remarries, benefit paid to dependent children to age 18 or to a dependent parent for life. Benefit reduced by any public death benefits payable. Minimum accident death benefit — combined with any survivor benefits paid from Social Security or Worker's Compensation: 50% of final average salary.

DISABILITY PROVISIONS: Ordinary disability: with at least 10 years of service and under age 60, 90% of service retirement allowance based on salary and years of service at commencement of disability. Minimum guarantee: 25% of final average salary. Benefit reduced if Social Security disability benefits payable.

Service-connected accident (no length of service requirement): under age 60, annual benefit of 50% of final average salary. Benefit recalculated at age 65 as under service retirement using either a minimum of 30 years or actual years of service if over 30. Benefits reduced by any public disability payments received.

NEW JERSEY

New Jersey Public Employees' Retirement System

PROVISIONS APPLY TO: Clerical-service EEs. Participation is required; no waiting period for permanent employees.

Faculty and administrative officers who are members of the system when hired may elect to remain in the system or participate in TIAA-CREF. All other newly hired faculty and administrative officers participate in TIAA-CREF as the single retirement plan.

CONTRIBUTIONS:

Individual: Rate varies with age ranging from 5.03% at age 20 to 8.73% at age 59 and over. Additional voluntary contributions may be made to purchase a variable annuity from the Supplemental Annuity System.

Institution: Balance necessary to provide benefit.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members through the Supplemental Annuity System.

PENSION BENEFIT FORMULA: 1/60 of final average salary (average salary in last 3 years or highest 3 fiscal years) times years of service.

Supplemental voluntary program provides a variable annuity.

ANNUAL COST-OF-LIVING ADJUSTMENT: Beginning 24 months after start of benefit payments and annually thereafter, 60% of increase in CPI applied to original benefit amount.

RETIREMENT AGE: Normal: age 60 or age 55 with 25 years of service. Early: any age with 25 years of service, reduced ¼ of 1% for each month member is under age 55. Compulsory: age 70; extensions permitted at ERs discretion.

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may leave contributions on deposit and receive deferred annuity payable at age 60 based on normal retirement formula.

Upon termination of employment prior to vesting, EE contributions returned. Interest at 2% on contributions returned after 3 years of membership service. If nonvested EE elects to leave contributions on deposit and returns to service within 2 years, retains credited service. After withdrawal or absence of 2 years (automatic refund) EE may purchase credit for previous membership service.

PRERETIREMENT DEATH BENEFIT: Nonservice-connected: return of EE contributions plus interest plus death benefit of 1½ (3/16 if age 70) times salary in last year of service. Service-connected: in addition to above benefits, a pension is payable: (1) to dependent widow or widower to death or remarriage, 50% of EE's last year of salary; (2) if no surviving widow or widower, 20% for 1 child, 35% for 2 children, 50% for 3 or more children. Children's benefits payable to age 18; (3) if no widow, widower or children, 25% to 1 dependent parent, 40% to 2 dependent parents. Pension continues to death.

DISABILITY PROVISIONS: Nonservice-connected: Under age 60 with 10 years of service, annual allowance of 1½% times final average salary times years of service. Minimum: 40% of final average salary. Maximum: 90% of allowance EE would have received had retirement occurred at age 60. Service-connected (no length of service requirement): Under age 65, annual pension equal to ⅔ of salary EE was receiving on date of accident. Service and nonservice-connected disability benefits are not paid concurrently with Worker's Compensation; EE is considered active while receiving Worker's Compensation and ER is required to pay EE contributions.

NEW MEXICO

New Mexico Educational Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 7.6% of total earnings. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: 7.6% of total payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available through the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average of highest 5 consecutive years) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Commencing at age 65, adjustment of benefit by ½ change in CPI provided that the annual adjustment shall not exceed 4%. Original benefit amount guaranteed.

RETIREMENT AGE: Age 65 with 5 years, any age with 25 years or age 60 to 64 with sufficient years of service to equal sum of 75. Early: any age under 60 at which years of service and age equal 75, reduced 2.4% for each year under age 60 to age 55 and 7.2% for each year under age 55. No compulsory retirement age.

VESTING PROVISIONS: Benefits vest after 5 years of service with a deferred allowance payable at age 65 or at any age at which age and service equal 75. The benefit formula is the same as for normal or early retirement.

Upon termination of employment, contributions returned without interest if less than 1 year of participation; with more than 1 year of participation, interest is paid equal to 75% of the amount earned by the fund during the 5 fiscal years preceding the year of withdrawal. After withdrawal EE may repay refund with interest and restore prior service credit upon return to employment.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions plus interest at the rate earned by the fund in the preceding fiscal year. After 5 years of service, joint and full survivor option provided automatically based on benefit EE would have been entitled to had retirement occurred at date of death. (EE may or may not choose the option upon retirement.) Beneficiary may defer annuity to any time until member would have been 60, had member lived, to avoid reduction.

DISABILITY PROVISIONS: After 10 years of service, benefit of 1.5% of final average salary times years of service. If computed annual benefit is less than ⅓ of EE's final average salary, additional years may be borrowed from EE's disability date to date of attaining age 60 to bring annual benefit up to as much as ⅓ of final average salary.

NEW YORK

Chapter 414 of the Laws of 1983 amended the Retirement and Social Security Law by adding a new article (Article 15). This law establishes the Coordinated Retirement Plan which generally replaces the CO-ESC plan established in 1976. An employee whose date of membership is on or after September 1, 1983 is governed by Article 15.

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM
Provisions Apply To: Nonfaculty and officers. (Faculty and administrative officers may elect participation in the NYS Employees' Retirement System instead of the NYS Teachers' Retirement System.) Participation is required; no waiting period.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
Provisions Apply To: Faculty and administrative officers of the State University or Community Colleges of New York unless they elect the New York State Employees' Retirement System. Faculty and staff in educationally related positions may elect TIAA-CREF as an alternate plan. Participation is required for full-time EEs and voluntary for part-time EEs, substitute and adult education teachers; no waiting period.

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
Provisions Apply To: Nonfaculty permanent EEs. Participation is required after six months and is voluntary for first 6 months. For EEs in positions for which no examination is required and no tenure granted, participation is completely voluntary.

NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
Provisions Apply To: Faculty and administrative officers; instructional staff may participate in TIAA-CREF as an alternate plan. Participation is required, no waiting period.

CONTRIBUTIONS:

Individual: 3% of annual salary.

Institution: Balance necessary to provide benefit.

EEs participate in Social Security.

PENSION BENEFIT FORMULA: With 25 or more years of New York State or City service, 1/50 (2%) of final average salary (average of 3 highest years, any one of which may not exceed the average of the previous two by more than 10%) times years of service to a maximum of 30 years, plus 3/200 (1.5%) times final average salary for each year of credited service over 30.

With at least 10 but fewer than 25 years of service, benefit is 1/60 (1.66%) times final average salary times years of service.

There is no reduction for Social Security benefits.

ANNUAL COST-OF-LIVING ADJUSTMENT: No provision.

RETIREMENT AGE: Normal: age 62 with 10 years of service. There is no provision for early retirement. The benefit formula applied at age 62 or later depends on the number of years of service. No compulsory retirement age.

VESTING PROVISIONS: Benefits vest after 10 years of service. Terminating vested EE will receive a deferred benefit at age 62 as under normal retirement provisions which is not less than the actuarial equivalent of EE contributions plus 5% per annum interest. There is no option for withdrawing EE contributions after attaining vested status.

At termination of employment prior to vesting, EE contributions plus interest will be refunded only upon attainment of age 62 or death. (No refund if EE is eligible for death benefit at least equal to sum of contributions plus interest.) If nonvested EE leaves contributions on deposit and returns to service within 5 years, retains credited service.

PRERETIREMENT DEATH BENEFIT: With 1 year of service and ineligible to retire, lump sum payable to designated beneficiary equal to 1/12 of final year's salary for each credited year of service up to 36 years; benefit may be paid in the form of an actuarially equivalent annuity. To be eligible EE must have been in active service or in active service within a 12 month period prior to death and not otherwise gainfully employed since active service ceased.

Accidental death: beneficiary entitled to pension equal to 50% of final salary.

DISABILITY PROVISIONS: Ten years of service required (service requirement waived if disability results from on-the-job accident). Benefit is 1/60 of final average salary times years of service. If resulting benefit amount is less than 1/3 of final average salary, formula is 1/60 of final average salary times years of service that would have been attained had EE continued working to age 60; maximum benefit, 1/3 of final average salary.

NORTH CAROLINA

Teachers' and State Employees' Retirement System of North Carolina

PROVISIONS APPLY TO: Participation is required for all permanent, full-time employees regardless of age; no waiting period.

Faculty at the University System of North Carolina may participate in TIAA-CREF as an alternate plan. In addition, faculty at University of North Carolina School of Dentistry participate in a TIAA supplemental plan.

CONTRIBUTIONS:

Individual: 6% of salary. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: Balance necessary to provide benefit, currently 10.25% of payroll plus .95% to fund retirees Health Care Benefits.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 1.58% of final average salary (average salary of 4 highest consecutive years) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Increase based on change in CPI in the preceding year, contingent on the availability of funds. Adjustment, when granted, becomes effective on July 1 and applies to all who are receiving retirement allowances except those who retired in the latest 12 months.

RETIREMENT AGE: Normal: age 65 with 5 years of service or any age with 30 years of service. Early: age 60 with 5 years of service or age 50 with 20 years of service. Early retirement allowance reduced 3% for each year age at retirement precedes age 65 to age 60, plus additional actuarial reduction for each year prior to age 60 to age 50. No compulsory retirement age (tenured faculty and highly compensated officials may be mandatorily retired until July 1, 1998.)

VESTING PROVISIONS: Benefits vest after 5 years of service. EE may elect to leave contributions on deposit and receive deferred benefit as under early or normal retirement.

Upon termination of employment prior to vesting, EE contributions may be left on deposit or returned (4% interest included only if EE has 5 or more years of service.) After withdrawal, EE regains credited service after return to covered employment for ten years and repayment of refund plus interest in lump sum within three years of attaining the additional ten years. Repayment after three years is equal to full actuarial liability.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest. Under age 70 with 1 year of service, additional lump sum benefit equal to highest 12 consecutive months' salary in 24 months preceding death to a maximum of $20,000. (Lump sum also payable if death occurs within 180 days of last receipt of salary for person no longer employed in covered service.)

At age 60 with 5 years of service, or age 50 with 20 years of service or any age with 30 years of service, if EE dies in active service designated beneficiary may elect to receive in lieu of return of EE contributions a lifetime monthly benefit based on joint and full survivor option assuming EE had retired on 1st of month following death.

DISABILITY PROVISIONS: After 5 years of service, benefit based on formula for normal retirement including years of service that would have been earned had employment continued to age 65 not to exceed 30 years of service.

NORTH DAKOTA

North Dakota Public Employees' Retirement System

PROVISIONS APPLY TO: Clerical-service EEs. Participation is required; no waiting period.

Faculty, executive and administrative staff, research personnel and professional EEs participate in TIAA-CREF as the single retirement plan.

CONTRIBUTIONS:

Individual: 4.0% of gross salary. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: Balance necessary to provide benefit, currently 5.12% of gross payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 1.30% of final average salary (average of highest 5 consecutive years out of final 10 years) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: No provision.

RETIREMENT AGE: Normal: age 65. Early: age 55 with 10 years of service reduced ½ of 1% for each month age precedes 65.

VESTING PROVISIONS: Benefits vested after 10 years of service. EE may leave contributions on deposit and receive deferred annuity as under early or normal retirement.

Upon termination of employment prior to vesting, automatic return of contributions plus 6% interest. After withdrawal EE may restore prior service credit upon reemployment by repaying refund plus interest, if previously withdrawn service was less than 10 years.

PRERETIREMENT DEATH BENEFIT: Lump sum return of contributions plus 6% interest. With 10 years of service, (1) surviving spouse entitled to monthly benefit equal to 50% of EE's normal retirement benefit, payable to death; (2) surviving spouse may elect payments for 60 months of an unreduced benefit; (3) or surviving spouse may elect a lump sum refund of EE's retirement account.

DISABILITY PROVISIONS: Under age 65 with more than 180 days of service, benefit is 60% of final average salary (if less than 5 years of service, the salary is averaged for time employed) less the primary Social Security benefit and less any Workers' Compensation benefit. Eligibility is based on eligibility for Social Security disability benefits.

OHIO

Public Employees' Retirement System of Ohio

PROVISIONS APPLY TO: Nonfaculty EEs. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 8½% of gross salary. ER may elect to pay all or part of EE contribution by ER pick-up (Sec. 414(h) IRC).

Institution: State ER units: 13.71% of gross payroll; local ER units: 13.95%.

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 2.1% times final average salary (average of highest 3 years) times years of service. Maximum: 90% of final average salary.

ANNUAL COST-OF-LIVING ADJUSTMENT: Increase in the CPI of 3% or more within any calendar year results in a 3% increase in original benefit amount for all persons who have been receiving benefits for at least 12 months. Any increase in the CPI of more than 3% is carried forward to authorize a further 3% increase in succeeding years.

RETIREMENT AGE: Normal: age 60 with 5 years of service or any age with 30 years of service. Early: age 55 with 25 years of service (reduced below age 60 or attainment of 30

years service credit). Compulsory: age 70 (extensions beyond 70 require physician's certificate).

VESTING PROVISIONS: Benefits vest after 5 years of service. EE may elect to leave contributions on deposit and receive deferred annuity based on normal retirement schedule.

Upon termination of employment, EE may request return of accumulated contributions. After withdrawal, EE regains prior credit upon reemployment for 18 months by repaying refund with interest.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions. After 18 months of service (3 months within the 2½ years immediately before death) benefit to one of the following: (1) to spouse and 1 child, 40% of final average salary or minimum of $186 monthly; 2 children, 50% or $236; 3 children, 55% or $236; 4 or more children, 60% or $236. Benefits cease upon spouse's remarriage except if marriage occurs at age 62 or after; (2) if no surviving spouse or spouse remarries, benefit payable to 1 child, 25% of final average salary or minimum of $96 monthly; 2 children, 40% or $186; 3 children, 50% or $236; 4 children, 55% or $236; 5 or more children, 60% or $236. Children's benefits continue to age 18 (age 22 if full time student) or later if physically or mentally handicapped. A spouse, child or parent who has been adjudged physically or mentally incompetent may qualify for survivor's benefit regardless of age. Benefit ceases upon marriage; (3) to unremarried spouse at age 62, 25% of final average salary or minimum of $96 monthly; (4) to 1 dependent parent age 65 or older, 25% of final average salary or minimum of $96; to 2 dependent parents, 40% or $186; (5) to unremarried spouse at age 50 with no dependent children if EE had 10 years of service, 25% of final average salary or $106 monthly, whichever is greater.

If EE was eligible to retire at death, surviving spouse may select either survivor payment, as above, or benefit to which EE would have been entitled had retirement occurred at date of death based on joint and full survivor option. Cost-of-living adjustment applies as per pension benefit formula.

DISABILITY PROVISIONS: Under age 60 with 5 years of service, benefit calculated as for regular retirement with no reduction for age. Member is granted additional service credit equal to difference between age at disability and age 60. Maximum: 75% of final average salary. Minimum: 30% of final average salary.

Ohio State Teachers' Retirement System

PROVISIONS APPLY TO: Faculty. Participation is required; no waiting period.

Nonfaculty participate in the Public Employees' Retirement System of Ohio.

CONTRIBUTIONS:

Individual: 8.5% of total salary. (8.75% effective 1-1-1984). ER may optionally elect to pay from 1% to 8.75%, depending on local agreement of EE contribution by ER pick-up (Sec. 414(h) IRC).

Institution: Balance necessary to provide benefit, presently 13.5% of total payroll.

EEs do not participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members through the retirement system.

PENSION BENEFIT FORMULA: Greater of (1) money purchase annuity provided by EE contributions with 7.5% interest compounded annually and matching ER amount or (2) 2%of final average salary (average salary of 3 highest years) times years of service. Maximum: 90% of final average salary.

ANNUAL COST-OF-LIVING ADJUSTMENT: 3% of original benefit annually beginning on first anniversary of retirement whenever the CPI increases by at least 3% over the preceding year.

On January 1 following 12 full months on retirement, retirees may be paid a supplemental check based on number of years of service credit plus number of years retired multiplied by a unit amount determined by the financial condition of the fund and approved by the Board.

RETIREMENT AGE: Normal: age 65 or any age with 30 years of service. Early: age 60 with 5 years of service or age 55 with 25 years of service (actuarially reduced below age 65). Compulsory: State law allows age 70 to be used at the discretion of the employer.

EARLY RETIREMENT INCENTIVE: Employers may adopt a Retirement Incentive Plan which permits an employer to purchase up to 5 years or 1/5 of the members total service whichever is less. The employer must uniformly offer to purchase the total number of years adopted in the plan to all members who are eligible. The cost of the liability created by the purchase of credit must be paid by the employer. The purchase of 5 years of Retirement Incentive credit for a member who has 25 years of service credit has the effect of

changing the benefit formula from 2% to 2.4% of Final Average Salary.

VESTING PROVISIONS: Benefits vest after 5 years of service. EE may elect to leave contributions on deposit and receive a deferred annuity based on benefit calculation for full benefits or early retirement.

Upon termination of employment prior to vesting, EE contributions returned without interest. If a nonvested EE elects to leave contributions on deposit, retains prior credit upon re-employment. After withdrawal, prior credit restored upon repayment of refund plus interest and serving additional 1½ years of service.

PRERETIREMENT DEATH BENEFIT: (1) If EE was not eligible to retire at date of death and had at least 1½ years of Ohio service credit, ¼ of a year being in the 2½ year period preceding death, annual benefit payable as a percentage of EE's final average salary based on number of qualified dependents as follows: 1 dependent, 25% of final average salary; 2 dependents, 40%; 3 dependents, 50%; 4 dependents, 55%; 5 or more dependents, 60%. Qualified dependents: (1) unremarried spouse at age 62 if EE had less than 10 years of service, or at age 50 if member had more than 10 years of service, or at any age if continuing to have care of decedent's children, or if mentally or physically incompetent. Child must have been dependent for ½ or more support on decedent; (3) unremarried parent age 65 dependent on decedent for at least ½ support in 12 month period prior to death.

(2) If EE was eligible to retire at death, to spouse or other named beneficiary financially dependent on EE at death, benefit equal to amount that would have been payable had EE retired at date of death based on joint and full survivor option. Cost-of-living adjustment applies as per pension benefit formula.

(3) Lump sum distribution if no survivor is eligible for monthly survivor benefit or if elected by primary beneficiary.

DISABILITY PROVISIONS: Unable to teach because of disability anticipated to last at least 12 months and under age 60 with 5 years of service, benefit of 2% of average salary for highest 3 years times number of years obtained by adding EE's years of service and the years until attainment of age 60. Maximum: 75% of final average salary. Minimum: 30% of final average salary. Disabilitant ineligible for employment as teacher; no limit on earnings from other employment.

Cost-of-living adjustment applied to disability benefits.

OKLAHOMA

Teachers' Retirement System of Oklahoma

PROVISIONS APPLY TO: All EEs able to complete 10 years of service by age 60 and earning over $2,000 per year. Participation is required for professional staff (optional for clerical-service EEs or for EEs over age 50 at entry into plan); no waiting period.

Faculty and officers at University of Oklahoma, Oklahoma State University and Oklahoma College of Osteopathic Medicine and Surgery may participate in TIAA-CREF as a supplemental plan.

CONTRIBUTIONS:

Individual: 5% on salary up to $25,000. EEs may make additional voluntary deposits in the Oklahoma Teacher Deposit Fund in multiples of $25 for the purchase of an annuity.

Institution: Balance necessary to provide benefit, currently 8.9% of payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members from the retirement system.

PENSION BENEFIT FORMULA: 2.0% of final average salary (average salary of highest 3 years but not to exceed $25,000) times years of service. Minimum for professional staff: $10.29 times years of service; minimum for non-professional staff: $8.47 times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increase granted periodically by Legislature.

RETIREMENT AGE: Normal: age 62 with 10 years of service or at any point when age and years of creditable service equal 80. Early: age 55 with 10 years of service actuarially reduced by approximately 6⅔% for each year age at retirement precedes age 62. No compulsory retirement age.

VESTING PROVISIONS: Benefits vest after 10 years of service. Terminating EE may elect to leave contributions on deposit and receive reduced deferred annuity at age 55 or full annuity at age 62 based on benefit formula.

Upon termination of employment prior to vesting, EE contributions returned without interest if less than 7 years of service; after 7 years, EE contributions returned with 50% of interest; 16 years, 60%; 21 years, 75%; 26 years, 90%. If a nonvested EE elects to leave contributions on deposit and returns to service within 5 years out of 6 consecutive years, retains credited service. After withdrawal or absence of 5 years (automatic refund), EE regains credited service by repaying refund with interest and serving 1 additional year after return.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest, plus an $18,000 lump sum payment. If EE had 30 or more years of service, surviving spouse may elect to receive a reduced 100% joint and full survivorship annuity calculated as if the EE had retired at date of death.

DISABILITY PROVISIONS: After 10 years of service and under age 62, benefit calculated as for normal retirement with no reduction because of age.

OREGON

Oregon Public Employees' Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; six months' waiting period.

Faculty at institutions in the Oregon State Higher Education System may participate in TIAA-CREF as an alternate plan on that portion of salary above $4,800.

CONTRIBUTIONS:

Individual: 6% of basic annual salary. ER may elect to pay entire EE contribution by ER pick-up (Sec. 414(h) IRC).

Institution: Balance necessary to provide benefit.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: (1) 1.67% times final average salary (3 highest years out of last 10) times years of service. Minimum: for EE retiring at age 65 with 15 or more years of service, $100 monthly.

ANNUAL COST-OF-LIVING ADJUSTMENT: Benefit adjusted each August 1 based on change in the CPI to a maximum of 2%. Initial allowance is guaranteed minimum.

RETIREMENT AGE: Normal: age 58 or age 55 with 30 years of service. Early: age 55, reduced 8% for each year age at early retirement precedes 60. Compulsory: age 70.

VESTING PROVISIONS: Benefits vest after the member makes contributions in parts of any five calendar years. Once vested an employee may leave funds on deposit and receive benefits at age 55. After age 55, withdrawal of contributions not permitted.

Upon termination prior to vesting an employee may either request refund of the account or leave funds in the system to draw interest for a five-year period. If EE does not return to employment during that period system will stop crediting interest at the end of five-year period and notify member to request withdrawal.

The right to redeposit these funds would be at time of retirement, under "buy-back" bill.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest plus payment from ER funds equal to balance in EE's account. Paid in lump sum to beneficiary; spouse may elect to receive life payments.

DISABILITY PROVISIONS: Nonservice-connected: EE under age 60 with 10 years of service (no service requirement if disability is service-connected), allowance equal to the allowance which would have been payable had EE continued in service to age 60. Minimum guarantee: $100 per month.

PENNSYLVANIA

Pennsylvania Public School Employees' Retirement System

PROVISIONS APPLY TO: All EEs. EEs may choose to participate in the State EEs Retirement System. All EEs at University of Pittsburgh, Lincoln and Temple Universities participate in TIAA-CREF as an alternate plan.

Participation in a retirement plan is required; no waiting period.

CONTRIBUTIONS:

Individual: 6¼% of basic salary. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: Balance necessary to provide benefit, currently 15.90% of payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average of highest 3 years) times years of service. Minimum at normal retirement age: $100 for each year of credited service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases granted periodically.

RETIREMENT AGE: Normal: age 62 with 1 year of service or age 60 with 30 years of service or any age with 35 years of service. Early: age 55 with 25 years of service reduced 3% for each year age at retirement precedes age 60 or at any age with 10 years of service as under vesting provisions. Compulsory: no compulsory retirement age.

A one-year "window" (July 1, 1985 until June 30, 1986) is offered to persons age 53 with 30 years service. A reduced retirement is offered persons age 50 with 30 years service. (Penalty equals ¼ of 1 percent of full retirement per month short of age 53.)

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may elect to leave contributions on deposit and receive deferred annuity as under normal retirement, or immediate annuity which is actuarially equivalent to annuity beginning at normal retirement age at which EE would have qualified had he or she remained in service, or after age 55 and 25 years of service as under early retirement.

Upon termination of employment prior to vesting, EE contributions returned with 4% interest. If nonvested EE elects to leave contributions on deposit, retains credited service upon re-employment. After withdrawal, EE regains credited service by repaying refund with interest.

PRERETIREMENT DEATH BENEFIT: After normal retirement age, benefit based on normal retirement formula. Before normal retirement age with 10 years of service, benefit reduced by a factor based on EE's age and years of service at death. If value of death benefit is less than $5,000, payment will be in lump sum; if over $5,000, beneficiary may choose a lump sum, monthly allowance, or combination of the two. Before normal retirement age with less than 10 years of service, return of EE contributions with 4% interest.

DISABILITY PROVISIONS: With 5 years of service before eligibility for normal retirement, benefit of 2% of final average salary times years of service. Minimum: ⅓ of final average salary or $100 for each year of service, whichever is greater. Maximum: annuity to which EE would have been entitled had employment continued to normal retirement age.

Pennsylvania State Employees' Retirement System

PROVISIONS APPLY TO: All EEs. EEs may choose to participate in the Public School Employees' Retirement System. EEs may participate in TIAA-CREF as noted in the Public School System description.

Participation in one of the systems is required; no waiting period.

CONTRIBUTIONS:

Individual: 6.25% of gross salary. EE contributions paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: Balance necessary to provide benefit, currently 16.77% of payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average of highest 3 years) times years of service.

Long-service supplement: with 41 or more years of credited service, benefit amount is increased 2% for each full year of service in excess of 40 to a maximum increase of 10% for 45 or more years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases granted periodically by Legislature.

RETIREMENT AGE: Normal: age 60 with 3 years of service or any age with 35 years of service. Early: any age with 10 years of service actuarially reduced below normal retirement age. No compulsory retirement age.

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may elect to leave contributions on deposit and receive deferred annuity based on normal or early retirement formula.

Upon termination of employment prior to vesting, EE contributions returned with 4% interest. If a nonvested EE elects to leave contributions on deposit and returns to service, retains credited service. After withdrawal, EE may regain credited service by repaying refund upon re-employment.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with 4% interest. After 10 years of service, or if EE was eligible to retire, benefit is total value of EE annuity at time of death. If amount of payment due is less than $5,000, paid in lump sum; if more than $5,000, beneficiary may elect lump sum or monthly payment.

DISABILITY PROVISIONS: Nonservice-connected: With 5 years of service and ineligible for normal retirement, benefit formula based on years of service to date of disability. Minimum: ⅓ final average salary.

Service-connected: 70% of final average salary less any amount payable under a public benefit plan.

RHODE ISLAND

Rhode Island Employees' Retirement System

PROVISIONS APPLY TO: Nonacademic EEs. Participation is required; no waiting period.

Faculty and officers at the three state universities participate in TIAA-CREF as the single retirement plan except those who are already members of the state plan and elect to retain that participation.

CONTRIBUTIONS:

Individual: 6½% of annual salary (contributions not required after 38 years of service).

Institution: EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: Percentage of final average salary (average of highest 3 consecutive years) times years of service as follows: 1.7% for first 10 years of service or less; 1.9% for 11 to 20 years; 2.4% for each year over 20 to a maximum benefit of 80% of final average salary after 38 years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: 3% of original pension amount each January 1 beginning with 3rd year of retirement, and an additional 3% compounded in each January thereafter.

RETIREMENT AGE: Normal: age 60 with 10 years of service, or any age with 30 years of service. No early retirement provisions. Compulsory: age 70.

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may elect to leave contributions on deposit and receive deferred annuity at age 60 based on benefit formula.

Upon termination of employment prior to vesting, EE contributions returned. If a nonvested EE elects to leave contributions on deposit, retains credited service upon reemployment. After withdrawal, EE regains credited service by repaying refund with interest after serving additional year of service.

PRERETIREMENT DEATH BENEFIT: Nonservice-connected: return of EE contributions, plus lump sum death benefit equal to $400 per year of credited service. Minimum: $2,000. Maximum: $8,000.

EE age 60 with 10 years of service or age 50 with 20 years of service may elect, in lieu of the above, to provide an annuity based on age and service at date of death and age of designated beneficiary.

Service-connected: refund of EE contributions plus survivor benefit of 50% of EE's final annual salary to one of the following: (1) spouse until remarriage or death; (2) any children to age 18 or death; (3) dependent parents until death. Benefit offset by any Worker's Compensation payments to an eligible survivor.

DISABILITY PROVISIONS: Nonservice-connected: ineligible for regular service retirement, after 5 but less than 10 years, pension equal to 17% of average compensation; with 10 or more years of service, benefit based on regular service retirement formula. Service-connected (no minimum length of service requirement): under age 65, benefit of 66⅔% of salary at date of disability. Benefits reduced by amounts payable under Worker's Compensation.

SOUTH CAROLINA

South Carolina Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 4% of first $4,800; 6% of balance of basic annual salary. EE contribution paid entirely by ER pick-up (Sec. 414(h) IRC).

Institution: Balance necessary to provide benefit, currently 7.3% of payroll.

EEs participate in Social Security.

PENSION BENEFIT FORMULA: 1.25% of final average salary (average of highest 3 years) up to $4,800 times years of service, plus 1.65% of balance of final average salary over $4,800 times years of service.

Minimum monthly allowance: age 65 with 20 years of creditable service and final average salary of at least $1,500, guaranteed monthly allowance of $150 plus $1.00 per month for each year of service in excess of 20; at age 60 without 35 years of service, minimum allowance is reduced 5% for each year EE is under age 65.

ANNUAL COST-OF-LIVING ADJUSTMENT: Automatic increase of 4% each July 1st whenever the Consumer Price Index rises 3% or more in one year and an increase equal to any CPI rise of less than 3%, beginning after 1 full year in retirement. Ad hoc increases also granted for past 5 years.

RETIREMENT AGE: Normal: age 65 or any age with 30 years of service. Early: age 60 (reduced based on the number of days under age 65 at time of retirement). Compulsory: age 72.

VESTING PROVISIONS: Benefits vest after 5 years of service. EE may elect to leave contributions on deposit and receive actuarially reduced deferred annuity at age 60 or full benefit at age 65 based on benefit formula.

Upon termination of employment prior to vesting, EE contributions returned with 6% interest. After withdrawal, EE regains credited service by repaying refund with interest.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest, plus after 1 year of service, lump sum payment equal to 1 year's salary. Death in service with at least 15 years service credit authorizes beneficiary to monthly payment for life plus 1 payment equal to annual salary in lieu of refund. No minimum service requirement if death results from job related injury.

DISABILITY PROVISIONS: Under age 65 after 5 years of service, benefit to which EE would have been entitled had employment continued to age 65, actuarially reduced. Cost-of-living adjustments applied.

SOUTH DAKOTA

South Dakota Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period.

CONTRIBUTIONS:

Individual: 5% of total annual salary (plus .8% if Optional Spouse Survivor Protection is selected).

Institution: 5% of total payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: Option A: 1.1% of final average salary (average of 12 highest consecutive quarters during last 40 quarters of membership) times years of service. Option B: 2% of final average salary times years of service less all other public benefits received (including Primary Social Security Benefits); whichever option produces the larger benefit.

ANNUAL COST-OF-LIVING ADJUSTMENT: Beginning July 1 after having received benefits for at least 12 months and annually thereafter, benefit increase based on change in CPI to 3% maximum, compounded.

RETIREMENT AGE: Normal: age 65 with 5 years of service. Early: age 55 with 5 years of service, reduced ¼ of 1% for each month between date of early retirement and date of EE's 65th birthday. No compulsory retirement age.

VESTING PROVISIONS: Benefits vest after 5 years of credited service. EE may elect to leave contributions on deposit and receive a deferred benefit at age 65.

Upon termination of employment prior to vesting, contributions returned with interest. Non-vested EE may leave contributions on deposit for up to 5 years after which they are automatically refunded. After withdrawal, EE regains prior service upon reemployment after serving 1 year of service and repaying refund plus interest within 2 years after reentry.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions with interest. After 1 year of service annual benefit (1) to surviving spouse married to EE at least 1 year preceding death with the care of eligible children (unmarried, under age 18 or any age if disabled prior to age 18), 40% of highest annual salary in any one of last 3 years of service, plus 10% of such salary for each eligible child, to a maximum total benefit of 100% of such salary. Family benefit reduced by amount paid under any other public system; (2) to surviving spouse without eligible children, 50% of benefit EE would have received at age 65 based upon projected service and projected compensation, payable at spouse's attaining age 65. (If EE contributed .8% for Optional Spouse Survivor Benefit, spouse without eligible children receives annual benefit of 40% of highest annual salary earned by EE during 1 of last 3 years to spouse's age 65, at which time benefit "2" as outlined above is payable.)

If EE was 65 or over, or retired, surviving spouse eligible for 50% of EE's normal retirement allowance.

DISABILITY PROVISIONS: Under age 65 with 3 years of service (no service requirement if job-related accident), annual benefit equal to 50% of highest annual salary in 1 of 3 years immediately preceding date of disability, plus 10% of such salary for each eligible child to a maximum of 90%. Benefit reduced by amount paid under any other public system and by $0.50 for each dollar earned by disabled EE through other means of employment.

TENNESSEE

Tennessee Consolidated Retirement System

PROVISIONS APPLY TO: All full-time EEs. Participation is required; no waiting period.

Faculty of the State University and Community College System of Tennessee, administrative and professional staff at the University of Tennessee may participate in TIAA-CREF as an alternate plan.

CONTRIBUTIONS:

Individual: Noncontributory for state EEs.

Institution: Amount necessary to provide benefit.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available through the State Deferred Compensation Plan.

PENSION BENEFIT FORMULA: 1½% times final average salary (average of highest 5 consecutive years) times years of service plus ¼% times final average salary in excess of the Social Security Integration Level times years of service.

Minimum for full service retirement: $8.00 per month times years of service. Maximum: 75% of final average salary for benefit payable under the regular formula; 100% of final average salary for benefit payable under the minimum retirement allowance. The SSIL for 1985 is $13,800.

ANNUAL COST-OF-LIVING ADJUSTMENT: All retirees who have been retired for 1 full year on July 1 are eligible; if CPI increases by at least 1%, an equal percentage increase applied to original benefit amount to a 3% maximum.

RETIREMENT AGE: Normal: age 60 or any age with 30 years of service. Early: age 55 with 10 years of service, reduced .4% for each month age at retirement precedes eligibility for normal retirement or any age with 25 years service reduced to be the actuarial equivalent of the benefit payable at age 55. Compulsory: no compulsory age under the retirement system. Individual institutions may require retirement at age 70.

VESTING PROVISIONS: Benefits vest after 10 years of service with a deferred annuity payable as under early or normal retirement requirements.

Upon termination of employment prior to vesting, EE loses membership credit after 7 years of absence from service. Upon return to employment, EE regains previous service credit upon completion of 12 months of current service.

PRERETIREMENT DEATH BENEFIT: With 10 years of service, joint and full survivor benefit payable to spouse if designated sole beneficiary. If EE eligible for normal retirement at time of death, joint and full survivor option payable to any beneficiary.

DISABILITY PROVISIONS: With 5 years of service and ineligible for service retirement benefit, 90% of regular benefit formula. If EE has less than 20 years of service, additional years that could have been earned had employment continued to age 60 may be borrowed to a maximum of 20. Maximum: 75% of final average salary.

Service-connected accident: monthly benefit of 50% of final average salary (divided by 12) if not in receipt of social security disability benefits. Monthly benefit equal to ⅓ of final average salary (divided by 12) if in receipt of social security disability benefits.

TEXAS

Teacher Retirement System of Texas

PROVISIONS APPLY TO: All EEs. Participation is required for all EEs under age 60 at entry into plan; no waiting period.

About 75% of the public institutions permit participation in TIAA-CREF as an alternate plan for faculty, administrative officers, research and professional EEs.

CONTRIBUTIONS:

Individual: 6.4% of annual compensation plus $10.00 annual fee for administrative costs.

Institution: 8.0% of payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average of 3 highest years) times years of service. Minimum guarantee: $75 per month at age 65 or $6.50 per month for each year of creditable service or standard annuity.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases granted periodically by legislature.

RETIREMENT AGE: Normal: age 65 with 10 years of service, or age 60 with 20 years of service, or any age when years of service and age equal 95. Early: age 55 with 10 years of service, reduced from age 65; or age 55 with 20 years of service, reduced below age 60; or any age with 30 years of service, reduced below age 60. No compulsory retirement age.

VESTING PROVISIONS: Benefits vest after 10 years of service. EE may elect to leave contributions on deposit and receive deferred annuity at normal retirement age.

Upon termination of employment prior to vesting, EE contributions returned with 5% interest. EE may be absent from service for up to 5 years without loss of membership status provided EE returns to service in the 6th year and leaves contributions on deposit. After withdrawal, EE regains credited service by completing 2 years of additional service and repaying refund plus annual membership fees and a reinstatement fee of 6% per year of amount withdrawn.

PRERETIREMENT DEATH BENEFIT: (1) 1 year's salary not to exceed $25,000, or (2) 60 monthly payments equal to member's standard annuity without reduction for age, or (3) lifetime annuity based on joint and full survivor option, or (4) return of EE contributions with interest, or (5) $2,500 lump sum payment plus to surviving spouse with care of minor children, $200 per month continued to youngest child's attaining age 18. Commencing at age 65, spouse receives $100 monthly.

DISABILITY PROVISIONS: With 10 years of service, benefit calculated as for normal retirement without reduction. Minimum: $6.50 per month per year of service. Payments continue for duration of disability or for life if EE remains disabled after age 60. With fewer than 10 years of service, benefit of $50 per month continuing for the number of months of EE service. Preretirement death benefit remains in full force during a disability retirement.

UNITED STATES

United States Civil Service Retirement System

PROVISIONS APPLY TO: All Civil Service EEs except those excluded by law or regulation. Participation is required if the position occupied is covered by the Civil Service Retirement System.

CONTRIBUTIONS:

Individual: 7% of basic annual salary.
Institution: 7% of basic annual payroll

EEs hired after January 1, 1984 must also participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members through the system.

PENSION BENEFIT FORMULA: 1½% of high-3 average salary (average annual salary of highest three years; years need not be continuous, but they must consist of consecutive periods of service) times first 5 years of service, plus 1¾% of high-3 average salary times second 5 years of service, plus 2% of high-3 average salary times years of service over 10. Instead of using the above percentages, there may be substituted 1% of high-3 average salary plus $25 for any or all of these percentages if a larger annuity results. Maximum: 80% of high-3 average salary except if the additional percentage is produced by unused sick leave.

ANNUAL COST-OF-LIVING ADJUSTMENT: Increase equal to change in CPI since previous adjustment effective March 1 of each year (May 1, in 1984 and June 1, in 1985). Increases during first year of retirement are prorated to reflect actual months of retirement.

Cost-of-living adjustment also applied to survivors benefits.

RETIREMENT AGE: Normal: age 62 with 5 years of civilian service, age 60 with 20 years of service or age 55 with 30 years of service. Early: (optional or involuntary separation without cause) age 50 with 20 years of service or any age with 25 years of service; benefits are reduced by ⅙ of 1% for each full month (2% a year) the EE is under age 55. Compulsory: no mandatory retirement age.

VESTING PROVISIONS: Benefits vest after 5 years of civilian service if the EE has performed at least one of the last two years of Federal service subject to the Civil Service Retirement System. EE may elect to leave contributions in the Civil Service Retirement and Disability Fund and receive deferred annuity at age 62 or to receive a refund of retirement contributions. If EE does receive a refund of retirement contributions, EE is ineligible for annuity benefits unless again reemployed in a position subject to the Civil Service Retirement System and meets the one out of two year provision. If EE is reemployed in a covered position, may elect to redeposit the amount of refund plus interest and receive full credit for prior service; if EE does not repay the redeposit, the service may be used to determine high 3 years' average salary and eligibility for retirement, but it may not be used to compute annuity benefits.

PRERETIREMENT DEATH BENEFIT: If EE has performed less than 18 months of service or is not serving in a position subject to the Civil Service Retirement System at the time of death, his or her survivors are eligible only for return of the EE contributions with interest. If EE dies after 18 months of service and is in a position subject to the Civil Service Retirement System, survivor benefits are payable to the following:

(1) spouse who was married to EE for at least one year immediately preceding date of death or who is the parent of a child of that marriage. The survivor benefit payable to the spouse is 55% of the annuity that the EE would have been eligible for under the general annuity formula, or if it is a larger amount, a minimum guaranteed survivor annuity of the *lesser* of: 55% of 40% of the deceased EE's high 3 years' average salary or 55% of the annuity that the EE would have been eligible to receive if he or she had continued to work until age 60. The spouse's survivor annuity terminates for death or for remarriage prior to age 60. However, if the survivor does remarry prior to age 60 and that marriage terminates, he or she is eligible for reinstatement of his or her survivor annuity benefit and, if applicable, his or her enrollment in the Federal Employees' Health Benefit Program. If the employee is eligible for survivor annuity benefits from the Civil Service Retirement System or from any other Federal staff retirement system based on his or her second marriage, he or she may elect to receive only one of the survivor benefits.

(2) children of the employee. If EE is survived by a spouse, each eligible child is entitled to annual benefits of the *lesser* of:
   (a) 60% of the high 3 years' average salary divided by the number of eligible children,
   (b) $8,140 divided by the number of eligible children, or
   (c) $2,713.

If EE is not survived by a spouse, each eligible child is entitled to annual benefits of the *lesser* of:

(a) 75% of the high 3 years' average salary divided by the number of eligible children,
(b) $9,768 divided by the number of eligible children, or
(c) $3,256.

(The dollar amounts in "2" above reflect cost-of-living increases as of April 1, 1983.)

Children's benefits are terminated by death, marriage, or attainment of age 18. However, if the child is a full-time student at a recognized educational institution benefits may be continued until the end of the school year in which the child attains age 22. Benefits are also payable after age 18 to children who are incapable of self-support because of a mental or physical disability incurred prior to age 18.

DISABILITY PROVISIONS: After 5 years of civilian service, amount provided by benefit formula using service to date of disability, not actuarially reduced. Minimum benefit: the lesser of 40% of high-3 average salary or the amount resulting from benefit formula including service that would have been earned had EE continued in service to age 60. Guaranteed minimum does not apply to an EE who has completed 21 years and 11 months of service or is age 60 or over. Maximum: 80% of high-3 average salary.

UTAH

Utah State Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period.

Faculty and designated professional EEs at all of the colleges and universities in the Utah Higher Education System (except Dixie College) participate in TIAA-CREF as the single retirement plan.

CONTRIBUTIONS:

Individual: 6.0% of monthly salary. ER may elect to pay any portion up to the full amount of EE contribution by ER pick-up (Sec. 414(h) IRC).

Institution: 6.0% of payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members through IRC Sec. 457, salary deferral.

PENSION BENEFIT FORMULA: 2% of final average salary (average of highest 5 years) times years of service. Benefit amount plus primary Social Security benefit may not exceed 100% of final average salary with up to 30 years of service. The benefit is increased on a pro rata basis for years of service over 30.

ANNUAL COST-OF-LIVING ADJUSTMENT: Beginning with second year of retirement, 4% cost-of-living increase based on original amount provided that Consumer Price Index has increased by at least as much. CPI increments above 4% can be saved for years when CPI drops below 4%.

RETIREMENT AGE: Normal: age 65 with 4 years of service or any age with 30 years of service. Early: age 62 with 10 years of service or age 60 with 20 years, reduced 3% for each year age at retirement precedes 65 or attainment of 30 years of service. No compulsory age.

VESTING PROVISIONS: Benefits vest after 4 years of service. EE may elect to leave contributions on deposit and receive deferred annuity at age 65 based on benefit formula or reduced annuity at earlier age if years of service for early retirement have been met.

Upon termination of employment prior to vesting, EE contributions (including ER pick-up contributions where applicable) returned with interest. If a nonvested EE elects to leave contributions on deposit, retains service credit upon return. Upon return to employment prior service credit regained by repaying refund with interest anytime before retirement.

PRERETIREMENT DEATH BENEFIT: Spouse married at least 6 months prior to death date to a career EE (any age with 30 years of credited service, 60 with 20 years, or 62 with 10 years or 65 with 4 years) entitled to a monthly allowance; or, if an active member at death (currently making contributions) or an inactive member with at least 10 years of service, spouse or other eligible beneficiary (dependent children under age 21 — no age limit if handicapped, dependent parents) may elect to receive return of contributions plus interest plus a death benefit of 50% of final average salary limited to $1,000 for each year of credited service. If beneficiary is not a dependent, return of contributions plus interest or $600, whichever is greater.

Beneficiary of inactive member with less than 10 years of service, return of contributions plus interest.

DISABILITY PROVISIONS: Benefits provided under a separate disability insurance program administered by the retirement board.

VIRGINIA

Virginia Supplemental Retirement System

PROVISIONS APPLY TO: All full-time salaried EES. Participation required for EEs under age 60 at entry into plan; no waiting period.

All professors and officers at the University of Virginia may participate in TIAA-CREF as an alternate plan.

CONTRIBUTIONS:

Individual: Noncontributory.

Institution: Balance necessary to provide benefit.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: 403(b) tax deferred annuities not available to members from the system.

PENSION BENEFIT FORMULA: 1.5% times final average salary (average of highest 3 consecutive years) times years of service. If final average compensation is equal to or greater than $13,200, the following formula applies: 1.65% times final average salary reduced by $1,200 times years of service. Dollar amount of reduction adjusted each year.

Maximum benefit: applicable to EEs hired after 4/1/80, the retirement benefit plus ½ of primary social security benefit may not exceed 62.5% of final average salary.

ANNUAL COST-OF-LIVING ADJUSTMENT: On July 1, beginning with the second calendar year following retirement, benefit increase equal to full increase in CPI up to 3% and half of any increase from 3 to 7%.

RETIREMENT AGE: Normal: age 65 or age 60 with 30 years of service; for EEs hired after 4/1/80, at age 55 or over with at least 30 years of service when the sum of age and service equal 90. Maximum benefit for rule of 90: the retirement benefit plus ½ of primary social security benefit may not exceed 62.5% of final average salary. Early: age 60 or age 55 with 5 years of service reduced ½% for each of first 60 months and ⅓₀% for any additional months early retirement date precedes attainment of age 60 or completion of 30 years of service. Compulsory: age 70.

VESTING PROVISIONS: Benefits vest after 5 years of service. EE may elect to leave contributions on deposit and receive a deferred annuity at age 55 or later based on benefit formula at retirement age.

Upon termination of employment prior to vesting, EE contributions returned with 4% interest. If a non-vested EE elects to leave contributions on deposit, retains credited service upon reemployment. After withdrawal, EE regains prior service credit upon reemployment at the cost of 5% of current annual salary for each year of credit purchased.

PRERETIREMENT DEATH BENEFIT: Return of EE contributions plus interest. If death occurs after attainment of age 55 with at least 5 years of service, age 60 with any number of years, or 30 years of service, designated beneficiary (if spouse or parent) eligible for benefit based on joint and 50% survivor option. If death occurs after age 65, same beneficiaries eligible for benefit based on joint and full survivor option.

Service-connected: to spouse (or children under 18 or dependent parents, in that order) benefit of 50% of final average salary offset by Worker's Compensation and ½ of survivor's Social Security benefit. In addition, EE contributions plus interest returned. Survivor benefits cease upon remarriage.

DISABILITY PROVISIONS: Nonservice-connected: with 5 years of service and under age 65, benefit computed as under normal service retirement without reduction for early retirement; if disability occurs before age 60, years of service used in formula would be the smaller of: (a) twice the actual period of service, or (b) years that would have been completed had employment continued to age 60.

Service-connected (no service requirement): if disability is compensable under Virginia Worker's Compensation Act, guaranteed benefit of ⅔ of final average salary when VSRS benefit is combined with Worker's Compensation benefit and ½ primary Social Security benefit. In addition, EE contributions plus interest returned.

WASHINGTON

Washington Public Employees' Retirement System

PROVISIONS APPLY TO: All nonacademic EEs. Newly hired administrators participate in PERS unless they were previously members of Washington State Teachers' Retirement System. Participation is required; no waiting period.

Faculty who are not members of the Washington State Teachers' Retirement System when hired participate in TIAA-CREF as the single retirement plan. Faculty who are members of the Washington State Teachers' Retirement System may elect to retain membership in that system or join TIAA-CREF.

CONTRIBUTIONS:

Individual: 4.83 of basic annual salary.
Institution: 8.38% of payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Not available to members from the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average of highest consecutive 60 months) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: After 1 year of retirement, benefit adjusted to the change in CPI for calendar year preceding adjustment with a maximum increase of 3%. Original benefit amount is guaranteed.

RETIREMENT AGE: Normal: age 65 with 5 years of service. Early: age 55 with 20 years of service, actuarially reduced below age 65. No compulsory retirement age.

VESTING PROVISIONS: Benefits vest after 5 years of service. EE may elect to leave contributions on deposit and receive deferred annuity as under normal or early retirement provisions.

Upon termination of employment EE contributions returned, if requested, with interest. After withdrawal, EE regains prior service credit upon reemployment by repaying refund plus interest, compounded since date of withdrawal, within 5 years of resumption of service or prior to retirement, whichever occurs first.

PRERETIREMENT DEATH BENEFIT: Fewer than 10 years of service or ineligible to retire, return of EE contributions plus interest.

With 10 years of service or eligible to retire, surviving spouse or eligible child or children in lieu of return of contributions may elect a retirement allowance based on joint and full survivor option, actuarially reduced for the number of years between age at death and attainment of age 65. Allowance to spouse continues to death; if child or children survive, allowance paid to attainment of age of majority.

DISABILITY PROVISIONS: EE totally incapacitated for continued employment, benefit of 2% times final average salary times years of service, actuarially reduced to reflect difference in number of years between age at disability and attainment of age 65. If the monthly benefit is less than $50, present value of future benefits paid as a lump sum or a return of contributions and interest if greater than lump sum amount.

WEST VIRGINIA

West Virginia Teachers' Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required; no waiting period. Higher education EEs may participate in TIAA-CREF as an alternate retirement plan.

CONTRIBUTIONS:

Individual: 6% of total annual salary.

Institution: Matches EE contribution.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members from the system.

PENSION BENEFIT FORMULA: 2% of final average salary (average of highest 5 out of last 15 years) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases in benefits granted periodically by State Legislature to retired faculty.

RETIREMENT AGE: Normal: age 60 with 5 years of service or age 55 with 30 years of service or any age with 35 years of service. Early: any age with 30 years of service actuarially reduced below age 55.

VESTING PROVISIONS: Benefits vest after 20 years of service or at age 55 with 5 years of service. Terminating EE may elect to leave contributions on deposit and receive deferred annuity at age 60 based on normal retirement formula. An EE with at least 5 but less than 20 years may continue to make deposits to EE account for years of absence from service to attainment of age 60 when normal retirement allowance is payable. Deposit for each year is an amount equal to last annual contribution while in service. EE must make 5 deposits in each 10-year period. Payments do not purchase additional service. Payments repaid as additional annuity.

Upon termination of employment prior to vesting, EE contributions returned with interest up to but not including last year worked. After withdrawal or absence of 5 out of 10 consecutive years (automatic refund), EE regains credited service by repaying refund plus 6% interest compounded annually from date of withdrawal to date repaid and by serving additional 2 years after reemployment.

PRERETIREMENT DEATH BENEFIT: Return of EE and ER matching contributions plus interest on EE contributions only. If EE was over age 50 with 25 years of service, spouse if designated as sole primary beneficiary will receive benefit to which EE would have been entitled had retirement occurred at date of death based on joint and full survivor option.

DISABILITY PROVISIONS: With 10 years of service, disability allowance calculated as for normal retirement under single life option only.

WISCONSIN

Wisconsin Retirement System

PROVISIONS APPLY TO: All EEs. Participation is required. No waiting period.

CONTRIBUTIONS:

Individual: 5% of total earnings (6% beginning 1/1/86). Additional voluntary contributions by EE (not matched by ER) are permitted to a maximum of 10% of total earnings. ER pays 5% required EE contribution by ER pick-up (Sec. 414(h) IRC).

Institution: Balance necessary to provide benefit, currently 6.5% of annual payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members through the system.

PENSION BENEFIT FORMULA: Either (1) 1.6% of final average salary (average of 3 highest years) times years of service. Maximum benefit: 65% of final average salary; or (2) an annuity of twice the amount purchasable by the accumulated EE contributions plus interest, whichever produces the greater benefit.

If monthly amount is under $29, must be taken in a single sum payment of the present value, if over $72, must

be paid in monthly payments. Between $29 and $72, EE may choose either method. (Upper limit will increase to $77 in 1986 and lower limit will be $31.)

ANNUAL COST-OF-LIVING ADJUSTMENT: Ad hoc increases granted periodically by board, based on earnings in excess of assumed rate.

RETIREMENT AGE: Normal: age 65 or age 62 with 30 years of service. Early: age 55, reduced 4.8% for each year that age at retirement precedes normal retirement age. No compulsory retirement age.

VESTING PROVISIONS: Benefits are vested immediately. A terminating EE under age 55 may elect to withdraw EE contributions with interest or leave contributions on deposit and receive actuarially reduced deferred annuity at age 55 or full annuity at age 65 based on normal benefit formula as outlined above. After age 55, EE does not have the option of withdrawing contributions. If EE under age 55 withdraws contributions, the EE loses credited service and membership status. Forfeited service may be repurchased upon return to covered employment.

PRERETIREMENT DEATH BENEFIT: Under age 60, benefit equal to total EE contributions and interest. Unless otherwise designated, death benefit paid to one of the following beneficiaries in the sequence listed: spouse, child, grandchild, parent, sibling, estate.

After attainment of age 60, death benefit including value of ER contributions payable if designated beneficiary is a spouse or dependent child.

Unless EE has previously specified that benefit be paid in the form of an annuity, beneficiary may elect either annuity or lump sum payment.

DISABILITY PROVISIONS: Under age 65 and a contributing member in 5 of 7 years preceding disability, benefit based on normal retirement formula including assumed service between date of disability and EE's normal retirement age. Maximum annuity: 65% of final average salary.

WYOMING

Wyoming Retirement System

PROVISIONS APPLY TO: All EEs under age 65 at time of employment. Participation is required; no waiting period.

All permanent full-time EEs with salaries above $6,600 at Wyoming State University and Colleges (except Sheridan) may participate in TIAA-CREF as a supplemental plan.

CONTRIBUTIONS:

Individual: 5.57% of salary. ER may elect to pay entire EE contribution by ER pick-up (Sec. 414(h) IRC).

Institution: 5.68% of payroll.

EEs participate in Social Security.

TAX-DEFERRED ANNUITIES: Available to members through the system.

PENSION BENEFIT FORMULA: 2.00% times final average salary (average of 3 highest consecutive years) times years of service.

ANNUAL COST-OF-LIVING ADJUSTMENT: No provision.

RETIREMENT AGE: Normal: age 60 with 4 years of service. Early: age 50 with 4 years of service or any age with 25 years of service, actuarially reduced below age 60. Compulsory: age 70, extensions permitted.

VESTING PROVISIONS: Benefits vest after 4 years of service. EE may elect to leave contributions on deposit and receive deferred annuity at age 50 or later based on normal retirement formula.

Upon termination of employment prior to vesting, EE contributions returned with 5½% interest. If nonvested EE elects to leave contributions on deposit and returns to service, retains credited service. After withdrawal, EE regains credited service by repaying refund with interest.

PRERETIREMENT DEATH BENEFIT: Return of EE and ER contributions plus 5½% interest to designated beneficiary or estate. With 4 years of service, beneficiary may elect, in lieu of refund, monthly allowance based on benefit formula and age of beneficiary.

DISABILITY PROVISIONS: Under age 60 with 10 years of service, allowance equal to 100% of normal service retirement benefit without actuarial reduction for age. A partial disability will receive one-half of the benefit of a total disability.